

Unemployment Insurance Research: An Annotated Bibliography

Unemployment Insurance
Occasional Paper 99-3

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The UIOP Series presents research findings and analyses dealing with unemployment insurance issues. Papers are prepared by research contractors, staff members of the unemployment insurance system, or individual researchers. Manuscripts and comments from interested individuals are welcome. All correspondence should be sent to:

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Foreword

After a long absence, nearly 15 years, the Unemployment Insurance (UI) Research Bibliography has returned as both a UI Occasional Paper and as a searchable database. The Bibliography is a useful tool for policymakers, researchers, and others interested in unemployment insurance and related research.

One of the missions of the UI Division of Research and Policy is to be a resource for researchers. The Bibliography is but one component of the services available, through this division, to researchers inside and outside the Federal government. These services include:

- i The UI Research Database—at the same time that we updated the Bibliography we created a searchable database. In the near future, we hope to provide Internet access to the database. In the meantime, a member of my staff would be happy to perform searches and forward prepared bibliographies to you.
- i The UI Research Exchange—periodically we publish a collection of manuscripts on UI research topics. We are currently revising our submission guidelines and the publication's layout. Since research rarely begins and ends within a six month window, we are going to begin publishing topics well in advance of expected publication so that researchers who are just beginning projects or who are in the middle of projects are not precluded from submitting.
- i The UI Research Symposium—we are exploring the idea of hosting annual, two-day symposiums on UI research. We envision holding the symposiums at varied locations around the country and having researchers present papers and participate in discussions with peers and policymakers. Comments and suggestions on this idea may be submitted to the address below.
- i The UI Occasional Paper Series—research conducted by or for the Division of Research and Policy is published on an ongoing basis. Copies can be obtained by contacting us at the address on the title page.

We hope that the Bibliography, along with the services mentioned above, will foster new partnerships in research and challenge us all to continue to study new and better methods for serving unemployed workers and improving UI operations. We hope that you will use and participate in these services. Open communication and the sharing of ideas benefit us all; comments and suggestions may be submitted to:

Dr. Esther R. Johnson, Chief
Division of Research and Policy
Unemployment Insurance Service
U.S. Department of Labor
200 Constitution Ave, NW, Room S-4231
Washington, DC 20210

The UI Research Bibliography was first published in 1986. Updating it with over 400 new citations and adding over 500 abstracts was an arduous process. Many thanks to the UI Research Team. Brenda Bruun, Social Science Research Analyst, served as lead editor and manager of the project. Anissa Holm and Crystal Woodard, Social Science Research Analysts, spent many hours researching

citations, entering data and writing and editing abstracts. Wayne Gordon, Economist, provided leads for new material and wrote abstracts. John Heinberg, Research Team Leader, provided guidance and editorial assistance. Thanks also go to the UI Division of Information Technology—John Sharkey, Gordon Washington, Tim Carroll and Gavin Brennan—for their assistance in evaluating, installing and supporting the special software used to create this document and the database.

We know that this Bibliography is not all inclusive. Comments, suggestions, corrections and, of course, additional citations may be sent to the address on the previous page. It is our sincere hope that you will find this publication informative and useful.

Best Wishes,

Dr. Esther R. Johnson

Introduction

The UI Research Bibliography was first published in 1986 and included references for Congressional testimony, news articles, books and journal articles on UI topics. This edition retained most of the entries from the 1986 edition and adds over 400 new citations and 500 abstracts.

Catching up on thirteen years worth of research involved a lot of updating. Besides collecting new citations and adding abstracts, we have also redesigned the layout to make it more user friendly. News articles and other citations that were not clearly research or policy analysis have been excluded. We also eliminated incomplete references.

Except in a few rare cases, citations are listed under no more than two subject headings. The section from the 1986 edition that listed citations by authors has been eliminated from this edition in lieu of an author index.

In preparing the Bibliography, we searched library catalogs, research reference lists, other bibliographies, and electronic databases for new research to include. Except where noted, the abstracts are the words of the author. Notations have also been made when an abstract was edited for length.

Besides more abstracts we have also included three Quick References. The first is a list of all Federal UI Administrators, their addresses and phone numbers. The second is a list of all State UI Administrators, their addresses, phone numbers, and web addresses. The third is a list of all UI Occasional Papers, organized by year published. We hope that the improved table of contents and the author index will make searching for citations more efficient.

Reference citations are included in the UI Research Bibliography at the discretion of UI staff. The decision to include a reference is based on the following considerations:

- i Content—the work must be an original work of research or analysis and must be clearly related to unemployment particularly as it relates to the unemployment insurance program.
- i Completeness—all citations must include all author's names, including middle initial, and affiliations, title of the work, all publishing information (unless it is an unpublished work). If unpublished, a complete copy of the work and an abstract of no more than 150 words would be appreciated.
- i Age—older works (work prior to 1990) will be considered; however, work that is deemed inappropriate for publication in the UI Research Bibliography may still be included in the UI Research Database.

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Subject Bibliography

Administering UI Through the Federal-State Partnership

Advisory Council on Unemployment Compensation. (1996). Defining Federal and State Roles in Unemployment Insurance. Washington, DC: Author.

Blaustein, S. J. (1980). Diverse Treatment of Claimants by States. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 187-214). Washington, DC: The National Commission of Unemployment Compensation.

Bright, J. (1989). Leadership in Appellate Administration: Successful State Unemployment Insurance Appellate Operations (UI Occasional Paper 89-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper is the result of a project to document the administrative practices and procedures used in a number of States to achieve high levels of promptness in deciding unemployment insurance (UI) appeals. The project concentrated exclusively on the administration and management of the appellate process. It did not attempt to investigate the elements of a "fair hearing" or "due process of law." Neither did the project attempt to develop the one best and most cost effective method of UI appeals administration. The goal of the project was to produce a resource document which would facilitate the sharing of expertise among the States' appeals administrators. This compilation of papers is that resource document. (Summary written by UI Staff)

Corson, W., Kerachsky, S., & Kisker, E. E. (1988). Work Search Among Unemployment Insurance Claimants: An Investigation of Some Effects of State Rules and Enforcement (UI Occasional Paper 88-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Random Audit Program (and its successor the Quality Control Program) was established to verify unemployment insurance (UI) payments and assess how accurately these payments are made in accordance with the UI laws and regulations of each particular state. A payment error rate is calculated by this program as a measure of the performance of UI agency operations. These payment error rates, particularly those related to work search rules and requirements, may also be affected by the application, monitoring, and enforcement of work search rules. The purpose of this study is to determine the effects of UI work-search rules, the characteristics of claimants, and labor-market conditions on the work-search behavior of claimants. Due to underlying methodological problems, the findings presented in this report must remain tentative. (Summary written by UI Staff)

Davidson, C., & Martin, L. (1996). Administrative Funding of Unemployment Insurance as a Principal-Agent Problem. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. NN1-NN43). Washington, DC: Advisory Council on Unemployment Compensation.

The money used to finance unemployment insurance in the United States comes from two sources. Individual states must raise the revenue required to finance the benefit payments but they bear no responsibility for financing the administration of the system. Administrative expenses are funded by the Federal government with money appropriated by Congress out of accumulated Federal Unemployment Tax revenues. There is widespread (and justified) dissatisfaction among states. It is argued that the current system not only fails to promote efficiency but may also encourage waste. The purpose of this paper is to analyze the incentive problems inherent in administrative funding, evaluate the current system and several alternatives, and propose reforms. (Excerpted from Introduction)

Gritz, R. M., Johnson, T. R., Wenzlow, A., & Dong, F. B. (In Press). Dynamic Models of Unemployment Insurance Benefit Receipt: Survival Rate Analysis Report (UI Occasional Paper 99-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The primary goals of this project were to first conduct a comprehensive examination of the dynamic nature of the unemployment insurance (UI) benefit payment process, and, using these findings, develop, for UI policymakers, an integrated projection model of UI benefit payments. This report examines the decisions of UI claimants to collect benefits during their eligibility period. This information will be helpful to policymakers in determining the optimal weekly benefit amount and determining the potential duration of benefits, two key elements of the UI program. In addition, this information will be helpful in the formulation of policies that extend the length of time UI claimants receive benefits during recessionary times. (Excerpted from Executive Summary)

Hight, J. E. (1982, Summer). Unemployment Insurance: Changes in the Federal-State Balance. University of Detroit Journal of Urban Law, 59, 615-629.

Focuses on Federal efforts to legislate restrictive requirements on state unemployment compensation laws. (Summary written by UI Staff)

Hills, T. (1984). UI Research Exchange: The UI Function in State Research and Analysis Sections (UI Occasional Paper 84-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

A questionnaire was sent to the R&A chiefs of the 52 states and entities participating in the UI program in order to determine the scope and problems of the current UI research effort and how this compares with their perception of the function in 1980.

McMurrer, D. P., & Chasanov, A. B. (1995, Sep). Trends in Unemployment Insurance Benefits. Monthly Labor Review, 118(9), 30.

Created in 1935, the federal-state unemployment insurance (UI) system was designed to provide temporary wage replacement for unemployed workers who have demonstrated a strong attachment to the labor force and to assist in stabilizing the national economy during cyclical economic downturns. The nature of the system assigns different responsibilities to the federal and state governments. Although broad federal laws ensure consistency in areas where uniformity is considered essential, states determine most of the details of program operations and administration. As a result, many features of the system vary greatly among states. Two separate, but interrelated, programs currently provide income support to qualified unemployed workers: the permanent, regular, state UI programs and the Federal-State Extended Benefits program. In addition, during every recession since 1958, emergency supplemental UI benefit programs have been enacted by Congress on an ad hoc basis.

Sloane, J. T., & St. Louis, R. D. (1981). UI Research Exchange: Workload Estimation and Forecasting in Arizona (UI Occasional Paper 81-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

An accurate projection of future workload activity is a necessary condition for assuring that appropriate staff, facilities and other resources are available to provide unemployment insurance (UI) claimants with timely and quality service. This paper describes the projections used in Arizona for the regular UI program only.

Stevens, D. (1977). Unemployment Insurance Beneficiary Job Search Behavior: What is Known and What Should be Known for Administrative Planning Purposes (UI Occasional Paper 77-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Since both legislative and administrative attention focuses on the current labor force commitment of UI beneficiaries, this paper addresses the active search and willingness to accept available (suitable) work criteria for maintaining continuing UI benefit eligibility. (Excerpted from Introduction)

Vroman, W. (1997). Unemployment Insurance, Welfare and Federal - State Fiscal Interrelations: Final Report (UI Occasional Paper 97-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report examines the hypothesis that unemployment insurance (UI) claimants have been shifted from the UI program to federally-financed welfare programs in order to reduce the costs of state-financed UI benefits. The investigation is divided into four main sections. Following an analysis that covers both a literature review and new research, the principal finding can be simply stated: The cost shifting hypothesis is not supported.

Weaver, R. K. (1996). Rethinking Federal and State Roles in Unemployment Insurance. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. OO1-OO50). Washington, DC: Advisory Council on Unemployment Compensation.

This paper addresses issues central to a reconsideration of current Federal and state roles in unemployment insurance. The paper's primary purpose is to help policymakers think about how policymaking responsibilities should be allocated between the Federal government and states, rather than to explain how they have been allocated in the past. Given that the polar cases--a completely nationalized system with no state role and a devolved system where the Federal government has no role--are not on the agenda, this discussion will focus on variations on the current situation where program authority is shared, although not necessarily at the same levels. (Excerpted from Introduction)

Advance Layoff Notification

Addison, J. T., & Blackburn, M. L. (1997, Jan). A Puzzling Aspect of the Effect of Advance Notice on Unemployment. Industrial & Labor Relations Review, 50(2), 268-288.

Displaced workers with generous periods of advance notice are more likely than their non-notified counterparts to avoid post-displacement unemployment altogether, but once unemployed, they tend to escape from unemployment much more slowly. Using data for the five-year retrospective 1988 and 1990 Displaced Worker Surveys, the study examines three potential explanations for this puzzle: (1) delaying behavior induced by the receipt of unemployment insurance; (2) nonrandom distribution of notice to workers; and, (3) previous studies' failure to appropriately incorporate the pre-displacement search time of notified workers. The analysis supports the third explanation. After allowing for less intense search prior to displacement than following displacement, the study finds that the pattern of escape rates for otherwise observationally equivalent workers does not differ by notification status.

Bureau of Labor Statistics. (1992). Employer Layoff and Recall Practices (UI Occasional Paper 92-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Employment and Training Administration (ETA) is responsible for the administration of the Job Training Partnership Act of 1982, as amended by the Economic Dislocation and Worker Adjustment Assistance Act of 1988. As part of a continuing effort to explore the needs of dislocated workers, ETA asked the Bureau of Labor Statistics to conduct a supplemental survey to the Bureau's Mass Layoff Statistics (MLS) Program. Conducted by mail, the survey examined layoffs that occurred during the last 6 months of 1988--a quite different economic environment than in late 1991, when this report was assembled. During 1988, the economy

completed its sixth year of expansion, as employment continued to rise and the unemployment rate fell to a 14 year low. In the fourth quarter, the rate had edged down to 5.3 percent. Therefore, caution should be used in generalizing from the research findings of this one-time study.

The survey results indicate that the workers covered in the study were highly likely to be recalled by their former employers. To the extent that patterns emerge in terms of demographic characteristics of the workers, industry attachment, reason for separation, or length of unemployment, as developed through the analysis of MLS and survey data, this information could be useful in developing better strategies to assist dislocated workers. (Summary written by UI Staff)

Burgess, P. L., & Low, S. A. (1998, Jan). How Do Unemployment Insurance and Recall Expectations Affect On-the-job Search Among Workers Who Receive Advance Notice of Layoff? Industrial & Labor Relations Review, 51(2), 241-252.

The paper explores how advance notice of layoffs, recall (rehiring) expectations, and unemployment insurance (UI) benefits affected on-the-job search among a random sample of Arizona UI recipients in 1975-1976. The analysis, which includes extensive controls for the characteristics of workers and their jobs, indicates that pre-unemployment search increased with length of notice and decreased with expected recall. Also, among workers not expecting recall, pre-unemployment search decreased with the level of UI benefits available after layoff. It is argued that improved experience rating would encourage firms to give employees advance notice when layoffs are imminent, and re-employment bonuses for workers with zero or short unemployment spells would encourage early search.

Friesen, J. (1997, Jul). Mandatory Notice and the Jobless Durations of Displaced Workers. Industrial & Labor Relations Review, 50(4), 652-666.

This study examines the effect of Canadian advance notice laws on displaced workers' jobless durations. By considering statutory notice requirements rather than actual notice provision, it is possible to avoid the problems associated with the endogeneity of notice that have characterized previous studies of this question. So-called group notice laws, which apply to large-scale layoffs, reduced the jobless durations of plant closure victims; but individual notice laws, which apply to all layoffs in some jurisdictions but only small-scale layoffs in others, had little effect. One possible explanation for this difference is that workers who lose their jobs while their plant remains open may have stronger expectations of being rehired than do other displaced workers, and may therefore delay job search with or without notice.

Saffer, H. (1982, Oct). Layoffs and Unemployment Insurance. Journal of Public Economics, 121-129.

Econometric study of the effects of UI on layoffs, based on pooled time-series and cross-sectional observations on layoffs, UI benefits, UI taxes, and wages.

U.S. General Accounting Office. (1987, Jun). Plant Closings Limited Advance Notice and Assistance Provided Dislocated Workers: Report to Congressional Committees. Washington, DC: Author.

Agricultural Workers

Booth, P. (1980). Coverage of Agricultural Workers. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 673-704). Washington, DC: The National Commission on Unemployment Compensation.

Examines the extension of UI coverage to agricultural workers, the experiences of states during the first years of operation, and the impact of extension on achieving protection of hired farm workers. Contains recommendations for broadening agricultural coverage and other program improvements.

Elterich, G. H. & Graham, L. (1977). Impact of P.L. 94-566 on Agricultural Employers and Unemployment Insurance Trust Funds in Selected States (UI Occasional Paper 77-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report is second in a sequence and studies the impact of the section in the Unemployment Compensation Amendments of 1976 pertaining to the coverage for agricultural employment. The study is based on a sample of hired workers surveyed during 1971 in fifteen states. Analysis was performed on the workers' UI coverage, the demographic, employment and migratory characteristics of the covered workers and the impact of the law on the economic welfare of beneficiaries. (Excerpted from Introduction)

Elterich, G. H. & Graham, L. (1977). Impact of Extension of Coverage to Agricultural Workers under P.L. 94-566, Their Characteristics and Economic Welfare (UI Occasional Paper 77-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Hight, J. E. (1984). Searching for Unemployment Compensation Effects in Agriculture. Washington, DC: U.S. Department of Labor.

Martin, P. L. (1995). The H-2A Program: Trends, Issues and Options. In Advisory Council on Unemployment Compensation: Background Papers, Volume I (p. F1-F92). Washington, DC: Advisory Council on Unemployment Compensation.

U.S. farm employers have imported legal nonimmigrant farm workers with H-2 or H-2A visas since 1942 without paying Federal Unemployment Tax Act (FUTA) taxes on their earnings. Until 1978, most farm workers were excluded from the Unemployment Insurance (UI) system, so the question of paying FUTA taxes on the earnings of nonimmigrant farm workers did not arise. When UI coverage was extended to an estimated 500,000 farm workers in 1978, the earnings of H-2 workers were excluded from FUTA taxes, and this exemption has been extended every two or three years, with the current exemption due to expire on January 1, 1998 (IRC Section 3121(b)(1), SSA~210(a)(1)(B)). Beginning in 1980, farm employers employing both H-2A and U.S. workers have been required to include the earnings of H-2 workers in the calculation small farm employers are required to make to determine whether their U.S. workers should be covered under UI. (Excerpted from Abstract)

Alien Workers

Chiswick, B. R., & Hurst, M. E. (1996). The Employment, Unemployment and Unemployment Compensation Benefits of Immigrants. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. PP1-PP72). Washington, DC: Advisory Council on Unemployment Compensation.

This report analyzes the employment and unemployment experiences of adult foreign-born men, both among themselves and in comparison with the native born. It is based on econometric analysis of the micro data from the 1990 Census. Unemployment problems associated with immigrants appear to be short-term transitional adjustments, not unlike those experienced by native-born new entrants and reentrants to the labor force. (Excerpted from Executive Summary)

Martin, P. L. (1995). The H-2A Program: Trends, Issues and Options. In Advisory Council on Unemployment Compensation: Background Papers, Volume I (p. F1-F92). Washington, DC: Advisory Council on Unemployment Compensation.

U.S. farm employers have imported legal nonimmigrant farm workers with H-2 or H-2A visas since 1942 without paying Federal Unemployment Tax Act (FUTA) taxes on their earnings. Until 1978, most farm workers were excluded from the Unemployment Insurance (UI) system, so the question of paying FUTA taxes on the earnings of nonimmigrant farm workers did not arise. When UI coverage was extended to an estimated 500,000 farm workers in 1978, the earnings of H-2 workers were excluded from FUTA taxes, and this exemption has been extended every two or three years, with the current exemption due to expire on January 1, 1998 (IRC Section 3121(b)(1), SSA~210(a)(1)(B)). Beginning in 1980, farm employers employing both H-2A

and U.S. workers have been required to include the earnings of H-2 workers in the calculation small farm employers are required to make to determine whether their U.S. workers should be covered under UI. (Excerpted from Abstract)

Appeals & Litigation

Ashenfelter, O., & Levine, P. B. (1996). Unemployment Insurance Appeals in the State of Wisconsin: Who Fights and Who Wins? In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. QQ1-QQ31). Washington, DC: Advisory Council on Unemployment Compensation.

This paper analyzes disputes between employers and employees over eligibility for the receipt of unemployment insurance (UI) benefits. Since employees sometimes lose valuable benefits and employers sometimes face higher taxes, both groups have incentives to appeal adverse decisions. Results indicate that firms paying the maximum UI tax rate are substantially less likely to file an appeal regarding an awarded claim. These firms are also less likely to obtain legal representation for appeals initiated by the claimant. Legal representation seems to enhance the claimant's probability of winning an appeal but has no significant effect on the chances that a firm will win its case. Claimants who hire lawyers are roughly 15 percent more likely to win as compared to claimants who appear at hearings unrepresented. These results provide some support for proposals to provide low-cost legal alternatives to claimants. (Excerpted from Introduction and Conclusion)

Bright, J. (1989). Leadership in Appellate Administration: Successful State Unemployment Insurance Appellate Operations (UI Occasional Paper 89-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper is the result of a project to document the administrative practices and procedures used in a number of States to achieve high levels of promptness in deciding unemployment insurance (UI) appeals. The project concentrated exclusively on the administration and management of the appellate process. It did not attempt to investigate the elements of a "fair hearing" or "due process of law." Neither did the project attempt to develop the one best and most cost effective method of UI appeals administration. The goal of the project was to produce a resource document which would facilitate the sharing of expertise among the States' appeals administrators. This compilation of papers is that resource document. (Summary written by UI Staff)

Corsi, J. R. (1981). The Use of Telephone Conferencing in Administrative Fair Hearings: Major Findings of the New Mexico Experiment with Unemployment Insurance. Washington, DC: National Science Foundation.

Examines the effects of telephone conferencing utilized as a substitute for in person hearings in unemployment insurance appeals. The research focused on hearings conducted by the eight appeals referees in the Appeals Tribunal of the New Mexico Department of Employment Security.

Dahm, M. M., & Fineshriber, P. H. (1980). Administration of the Pregnancy Standard. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 41-50). Washington, DC: The National Commission on Unemployment Compensation.

The authors review a sample of appeals cases involving pregnant claimants in 47 states. The basic question is whether states' applications of the Federal standard on pregnancy are meeting the intent of that standard.

Mazurak, S. A. (1980, Fall). Effects of Unemployment Compensation Proceedings on Related Labor Litigation. Marquette Law Review, 64, 133-171.

Morris, K. (1980). On Appeal: Claimant Advocacy and Full and Fair Hearings. In Unemployment Compensation: Studies & Research, Vol. 3 (pp. 665-670). Washington, DC: The National Commission on Unemployment Compensation.

Rubin, M. (1980). The Appeals System. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 625-642). Washington, DC: The National Commission on Unemployment Compensation.

Describes the appeals used by claimants who have been denied benefits for a disqualifying reason and for employers who appeal the payment of benefits. Includes a discussion of the role of the referee, the nature of the hearing, the promptness standard, the rate of claimant and employer representation at hearings, policy issues, and proposed recommendations. (Excerpted from Introduction)

Benefit Adequacy

Anderson, D. A. (1994, Jan). Compensating Wage Differentials and the Optimal Provision of Unemployment Insurance. Southern Economic Journal, 60(3), 644-656.

Between 1970 and 1987, the number of US workers covered by unemployment insurance nearly doubled. Economists attribute this increased coverage in part to the sizable increase in the long-run unemployment rate over the same period. The adequacy of unemployment insurance benefits is a major social and political concern. However, there has been no statistical investigation to test the adequacy of benefit levels, or to determine the net financial burden on firms, taking the wage offset for benefits into account. The optimality of unemployment insurance benefits are evaluated based on the tradeoff between wages and benefits, with further attention given to moral hazard considerations. An alternative risk measure is used to account for the average duration of unemployment spells as well as their frequency. The results estimate the price that workers would pay to insure their income against unemployment in the presence of an efficient insurance market. The price provides a reference point for implicit insurance rates as established under the existing unemployment insurance program.

Baily, M. N. (1977, Jul). Unemployment Insurance as Insurance for Workers. Industrial & Labor Relations Review, 30(4), 495.

The optimal unemployment insurance benefit level is set when the proportional drop in consumption resulting from unemployment times the degree of relative risk aversion of workers is equal to the elasticity of the duration of unemployment with respect to balanced budget increases in benefits and taxes. With an assumed degree of relative risk aversion by workers of unity, if workers do not prolong their duration of unemployment by very much as a result of unemployment insurance benefits, then the current benefit wage ratio is about right. But if workers do prolong their unemployment duration substantially as a result of benefits, which is the current finding, then the current benefit levels look too high.

Blaustein, S. & Mackin, P. (1977). Job Loss, Family Living Standards, and the Adequacy of Weekly Unemployment Benefits (UI Occasional Paper 77-8). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this research is to provide an empirical basis for the evaluation of the benefit formula in terms of how well it alleviates the hardships of unemployment. The empirical data relevant to such an evaluation includes information about income and expenditure patterns of the family unit of which the beneficiary is a part. The development of an economical means for collecting the most relevant of such data was the principal aim of the pilot project.

Blaustein, S. & Mackin, P. (1977). Development of the Weekly Benefit Amount in Unemployment Insurance (UI Occasional Paper 77-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this study is to provide an empirical basis for the evaluation of the weekly benefit amount provided by unemployment insurance in terms of the program's primary objective to alleviate the hardships that result from the loss of wage income during unemployment. The relevant empirical data include information about the income and expenditure patterns of the beneficiary. (Excerpted from Introduction)

Burgess, P. L. & Kingston, J. L. (1979). Labor Market Experiences of Unemployment Insurance Exhaustees (UI Occasional Paper 79-3). U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this report is to present the findings of an empirical analysis of the labor market experiences of a sample of unemployment insurance (UI) claimants who exhausted their entitlement to UI benefits. This investigation is part of a larger study of the adequacy of weekly UI benefit payments. (Excerpted from Introduction)

Burgess, P. L., Kingston, J., St. Louis, R., & Sloan, J. (1981). Can Benefit Adequacy be Predicted on the Basis of UI Claims and CWBH Data? (UI Occasional Paper 81-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report assesses the feasibility of developing an econometric methodology for studying benefit adequacy. The authors specifically attempt to determine if equations could be developed to predict accurately the values of a benefit adequacy measure for individual unemployment insurance (UI) beneficiaries on the basis of: (1) information normally available as a result of the processing of UI claims, and (2) such normally available UI information combined with data available through the Continuous Wage and Benefit History program. (Summary written by UI Staff)

Burgess, P. L., Kingston, J. L., St. Louis, R., & Sloane, J. (1981). Changes in Spending Patterns Following Unemployment (UI Occasional Paper 81-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This is the sixth in a series of reports based on the Arizona Benefit Adequacy (ABA) Study. The first report emphasized the measurement of benefit adequacy under the prevailing and selected alternative weekly benefit amount formulas. The second report focused on the adjustments undertaken by beneficiary households during periods of thirteen and twenty-five consecutive weeks of compensated unemployment. The third study analyzed the labor market experiences of those study group claimants who exhausted their entitlement to unemployment insurance (UI) benefits. In the fourth report, estimates of the changes in regular UI program costs associated with changes in weekly benefit amount formula were provided, and a general procedure was developed for assessing the impact of changes in the weekly benefit amount formula on UI program costs and benefit adequacy. The fifth report provided an analysis of the possibility of predicting benefit adequacy values for individual claimants on the basis of information normally available from the Continuous Wage and Benefit History files.

The present report represents a direct extension of the analysis provided in the second report on this study. A brief summary of some portions of this earlier report is provided in this paper as background for the analysis. Whereas the second report dealt with a wide variety of adjustments made by persons unemployed for thirteen and twenty-five consecutive weeks, this report provides detail on the changes in spending on thirteen categories of expenditures made by the study group between the preunemployment month and the month prior to the thirteen week of unemployment. (Summary written by UI Staff)

Burgess, P., Kingston, J., & Walters, C. (1978). The Adequacy of Unemployment Insurance Benefits: An Analysis of Weekly Benefits Relative to Preunemployment Expenditure Levels (UI Occasional Paper 78-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The basic rationale for this study of benefit adequacy is that the "average" needs of unemployed workers should be used as a basis for establishing benefit formulas because unemployment insurance is a social insurance program. Analysis of the extent to which weekly benefits meet the group needs of the unemployed provides a basis for determining what proportion of lost wages "should" be replaced by UI benefits, even though an individual's entitlement does not and should not depend on individually demonstrated needs.

Corman, J. C. (1980, Autumn). Unemployment Compensation and Social Insurance Principles. Journal of the Institute for Socioeconomic Studies, 5(3), 104-118.

There is little evidence that receipt of unemployment compensation deters individuals from seeking or finding employment. During the worst years of the 1970s' recession most claimants did not collect all of the unemployment compensation to which they were entitled. Two of the needed reforms suggested are: (1) coverage-the Unemployment Compensation Amendments of 1976 were a major step toward eliminating the primary deficiency in the Federal-state unemployment compensation system--the lack of universal coverage, and (2) weekly benefit amount-the unrealistically low maximum weekly benefit payments in many states and inappropriate duration requirements in some states, which were either too lenient or overly restrictive-- necessitate the establishment of Federal benefit and duration requirements. The Federal-state unemployment compensation system should be modified to become more consistent with social insurance principles.

Cremer, H., Marchand, M., & Pestieau, P. (1995, Dec). The Optimal Level of Unemployment Insurance Benefits in a Model of Employment Mismatch. Labour Economics, 2(4).

Crosslin, R. L., & Ross, W. W. (1980). Achieving Wage-Replacement Goals. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 65-76). Washington, DC: The National Commission on Unemployment Compensation.

The effect of the maximum weekly benefit amount on wage replacement is examined empirically using Survey of Income and Education data.

Dahm, M. M., & Fineshriber, P. H. (1980). Examining Dependents' Allowances. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 77-93). Washington, DC: The National Commission on Unemployment Compensation.

Examines pros and cons of UI dependents' allowances and recommends against them.

Davidson, C., & Woodbury, S. A. (1996). Further Aspects of Optimal Unemployment Insurance. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. CC1-CC71). Washington, DC: Advisory Council on Unemployment Compensation.

In this paper, prepared for the U.S. Department of Labor, the authors address "moral hazard" in the Unemployment Insurance (UI) System in the United States. This moral hazard is observed wherein the government wishes to provide a social safety net for those workers who have lost a job through no fault of their own and are actively seeking reemployment. Unfortunately, the government is unable to perfectly monitor the level of effort put forth by those seeking work, and receiving unemployment benefits. There also exists a trade-off between the level of benefits available to job-seekers and the job-seekers level of effort. The government wishes to set benefits high enough to support beneficiaries basic needs without setting them so high as to provide a disincentive for searching for work. Two factors are at play in this search for an optimal insurance model, the level of benefits and the length or duration of benefit eligibility. (Excerpted from Introduction)

Davidson, C., & Woodbury, S. A. (1997, Jun). Optimal Unemployment Insurance. Journal of Public Economics, 64(3), 359-387.

The design of an optimal unemployment insurance (UI) program is investigated using an equilibrium search model calibrated using data from the reemployment bonus experiments. There are three main conclusions. First, insurance considerations suggest that the potential duration of UI benefits would be unlimited under an optimal program. Second, if the potential duration to benefits was unlimited, current replacement rates in the US (about 0.5) would probably be about right. Third, the optimal replacement rate rises as the potential duration of benefits is increasingly limited, reaching one when the potential duration of benefits is limited to 32 weeks.

Dilnot, A. W., & Morris, C. N. (1983). The Private Costs and Benefits of Unemployment: Measuring Replacement Rates. Oxford Economic Papers, 35, 645-646.

Engen, E. M., & Gruber, J. (1995, Sep). Unemployment Insurance and Precautionary Saving (Working paper no. W5252). Cambridge, MA: National Bureau of Economic Research.

The authors consider both theoretically and empirically the effect of unemployment insurance (UI) on precautionary savings behavior. Simulations of a stochastic life cycle model suggest that increasing the generosity of UI will substantially lower the asset holdings of the median worker, and that this effect will both rise with unemployment risk and fall with worker age. These implications are tested by matching data on potential UI replacement rates to asset holdings in the Survey of Income and Program Participation (SIPP). Empirical results are quite consistent with the predictions of the model. Raising the replacement rate for UI by ten percentage points lowers financial asset holdings by 1.4 to 5.6 percent, so that UI crowds out up to one-half of private savings for the typical unemployment spell. This effect is stronger for those facing higher unemployment risk and weaker for older workers.

Entes, R. (1977). Family Support and Expenditures Survey of Unemployment Insurance Claimants in New York State, September 1972 - February 1974 (UI Occasional Paper 77-6). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The survey was undertaken because its findings were expected to have significance in two areas of legislative interest in connection with unemployment insurance benefits: (1) benefit adequacy, and (2) dependents' allowances. The study was intended to show how claimants coped with living costs during the period they received unemployment benefits: in what areas claimants modified their spending pattern after they lost their job, whether they had savings to turn to, and from what sources other than unemployment benefits, if any, they were able to obtain new income. The study was also expected to provide a basis for determining the impact on the unemployment insurance system in terms of claimants involved and cost of increased benefits if dependents' allowances were granted.

Hamermesh, D. S. (1982, Mar). Social Insurance and Consumption: An Empirical Inquiry. The American Economic Review, 72(1), 101-113.

A consistent basis is provided for examining how unemployment insurance (UI) affects total consumption and its pattern. Two independent estimates are made of the extent to which UI payments are adequate in the sense that they are spent by recipients in a way that indicates the individual would otherwise suffer a reduction in lifetime utility. The first estimates of the fraction of consumption constrained by illiquidity are time-series estimates using national accounts data for the period 1954-1978, and the Second estimates are made from the 1972-1973 Consumer Expenditure Survey. Patterns of spending across commodities also are examined. The tests generally confirm the view that UI payments only partly "tide over" individuals suffering transitory losses of income. Results suggest that UI benefits are spent disproportionately on items that are relatively income-elastic and that UI recipients consume disproportionate amounts of income-inelastic goods. The results imply that some UI recipients are constrained to reduce spending most on the most income-elastic commodities and that a large part of UI benefits does little to stabilize the economy because people consume them as if they were fully expected.

Hamermesh, D. S., & Slesnick, D. (1996). Unemployment Insurance and Household Welfare: Microeconomic Evidence 1980-1993. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. DD1-DD46). Washington, DC: Advisory Council on Unemployment Compensation.

This study presents the first welfare-theoretic measures of adequacy of unemployment insurance (UI) benefits in the United States. The general result is very clear: at the levels provided in the 1980s and early 1990s, states' UI benefits and Federal extended benefits, achieved the Social Security Act's original goal of "alleviating the hazards of ...unemployment." (Excerpted from Conclusion)

Hight, J. E. (1980). Trends in Unemployment Wage Replacement, 1950 to 1977. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 215-222). Washington, DC: The National Commission on Unemployment Compensation.

Estimates the trend in the ratio of average weekly UI benefits to average weekly wages in covered employment adjusted for changes in the industry composition of UI claimants. Based on Handbook of Unemployment Insurance Financial Data.

Kingston, J. L., Burgess, P. L., St. Louis, R., & Sloan, J. (1980). Benefit Adequacy and UI Program Costs: Simulations with Alternative Weekly Benefit Formulas (UI Occasional Paper 80-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Kingston, J., Burgess, P., & Walters, C. (1978). The Adequacy of Unemployment Insurance Benefits: An Analysis of Adjustments Undertaken Through Thirteen and Twenty-Five Weeks of Unemployment (UI Occasional Paper 78-6). Arizona Department of Economic Security and Arizona State University.

The Arizona Benefit Adequacy (ABA) Study was initiated in the summer of 1975 to investigate the adequacy of unemployment insurance (UI) benefits relative to the preunemployment standard of living established by the beneficiary, and to assess adjustments undertaken by beneficiaries during their unemployment spell. (Excerpted from Introduction)

Lindeboom, M., & Theeuwes, J. (1993, Aug). Search, Benefits and Entitlement. Economica, 60(239), 327.

In a simultaneous analysis of unemployment duration and search intensity, a non-structural search model accounting explicitly for two features of the benefit system is estimated - benefit level and time remaining until exhaustion of the entitlement period (residual entitlement). Special attention is paid to the number of search contacts as an indicator for search intensity. To assess the effect of the benefit level and residual entitlement on the number of search contacts, a Poisson model is estimated. The results suggest that benefits work through a reduction of search efforts, whereas residual entitlement is effective mainly through the reservation wage. It can be concluded that, at least in the Netherlands, the time dimension is more important than the financial dimension. It is also found that a number of search contacts, as an indicator of search intensity, has a positive influence on the probability of finding a job. (Excerpted from Abstract)

O'Leary, C. J. An Econometric Analysis of Unemployment Insurance Benefit Adequacy (Working paper 90-05). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Traditionally, studies of unemployment insurance benefit adequacy have relied on an expenditure survey. This is expensive, yields small samples, and presumes that the analyst knows which categories of expenditure are necessary. This paper uses an existing large data set, and an agnostic approach. Labor supply equations are estimated on PSID data using an estimator that accounts for rationing in the labor market. The results are used to compute labor market constraint compensation for comparison to payments under UI systems of representative states. The results suggest that payments that meet the accepted standard of adequacy would usually slightly overcompensate individuals.

Solon, G. (1977). Weekly Benefit Amounts and Normal Weekly Wages of Unemployment Insurance Claimants (UI Occasional Paper 77-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Benefit and Unemployment Duration

Akerlof, G. A., & Main, B. G. (1980, Dec). Unemployment Spells and Unemployment Experience. The American Economic Review, 70(5), 885-93.

According to a modern view of the labor market, unemployment in the US is, on average, of quite short duration and, as a result, should be modeled not in terms of stocks of persons who are unemployed for fairly long periods of time, but rather in terms of flows of persons whose spells of unemployment are quite short. The interpretation of a period of unemployment is examined, and new information on the length of periods of unemployment is offered separately for people who experience a single period, two periods, or more than two periods of unemployment in a single year. It is found that the average length of single periods of unemployment is longer than the average length of multiple periods. It is strongly suggested that statistics on average unemployment durations of completed periods seriously underestimate the unemployment experience of all groups of persons considered in the analysis; they underestimate persons with single periods because, on the average, single periods are longer than multiple spells, and they underestimate persons with multiple periods because the unemployment experience of these persons includes the multiplicity of their periods.

Baker, M. (1992, Mar). Unemployment Duration: Compositional Effects and Cyclical Variability. The American Economic Review, 82(1), 313.

A hypothesis is evaluated that suggests the variation in aggregate unemployment duration in the U.S. is a creation of systematic changes in the composition of inflows to unemployment, rather than of similar variation in the length of spells of individuals or economic and demographic groups. Considerable counter cyclical variation in the duration of unemployment spells of a variety of subgroups of the population is found, which mirrors that observed at the aggregate level. Furthermore, the measured variation in the length of the aggregate spell that results from changes in the composition of inflows to unemployment is quite small. The results also provide new evidence on the unemployment experiences of different demographic groups in the 1980s.

Baker, M., & Rea, S. A. Jr. (1998, Feb). Employment Spells and Unemployment Insurance Eligibility Requirements. The Review of Economics and Statistics, 80(1), 80-94.

Whether the requirements that workers must satisfy to qualify for unemployment insurance (UI) benefits in any succeeding period of joblessness affect the duration of employment spells is examined. This behavioral consequence of a UI system has been neglected in empirical research, which has instead focused on the effects of UI parameters on the actions of the unemployed. The effect is identified by a unique change in the eligibility requirements of the Canadian UI system in 1990, which increased the weeks of employment required to establish UI eligibility. A variety of estimates of this behavioral effect is provided. In the preferred set of results, a significant increase is found in the employment hazard in the week that an individual satisfies the eligibility requirement in many regions of the country.

Barron, J. M., & Mellow, W. (1981, Jan). Unemployment Insurance: The Recipients and Its Impact. Southern Economic Journal, 47(3), 606-616.

During 1974-76 federal and state payment of unemployment insurance (UI) benefits exceeded \$36 billion while the unemployment rate reached a postwar high. New data attempts to provide a more comprehensive assessment of determinants of an unemployed individual's benefit receipt status. An analysis is made of the probability of receipt and the size of UI benefits for a sample of unemployed respondents in the May 1976 Current Population Survey who completed a supplemental questionnaire documenting UI benefits received during their current unemployment spell. In a given month, other things being equal, 19 percent of UI recipients find jobs, as do ten percent of those who have applied for but have not yet received benefits. Among the unemployed who have neither applied for nor are receiving benefits, the figure is 29 percent. Recipients and applicants also have a much lower probability of leaving the labor force. Thus, the typical recipient will remain unemployed eight weeks longer than a person who is unassociated with the UI system. These estimates of the impact UI has on the duration of unemployment are substantially larger than those estimated by researchers estimating duration equations.

Belzil, C. (1995, Aug). Unemployment Duration Stigma and Re-employment Earnings. The Canadian Journal of Economics, 28(3), 568.

A nonstationary model of individual labor market histories where the distribution of wage offers depends on elapsed unemployment duration and where unemployment compensation is claimed for a limited period only is estimated from sample information on completed unemployment duration, accepted earnings and accepted job duration. The model can identify movements in the reservation wages induced by human capital loss from those caused by benefit exhaustion. The results indicate that individuals seem to be much more sensitive to benefit exhaustion than human capital loss. The estimated structural parameters provide an explanation for the existence of a statistical relationship between contiguous unemployment and accepted job durations.

Belzil, C. (1995, Feb). Unemployment Insurance and Unemployment Over Time: An Analysis with Event History Data. The Review of Economics and Statistics, 77(1), 113.

Using event history data, a study analyzes the distribution of reemployment spell durations conditional on the completed length of the preceding (contiguous) spell of unemployment. The model is used to infer how unemployment insurance, through unemployment duration, may affect the likelihood of reentering unemployment. Special attention is paid to the endogeneity between unemployment and reemployment duration and the sample information contained in the fact that some individuals obtain reemployment by recall as opposed to acceptance of a new job.

Belzil, C. (1992). On the Empirical Relationship Between Unemployment Insurance, Unemployment Duration and Voluntary Unemployment. Economics Letters, 39, 235-240.

Bloemen, H. G. (1997, Aug). Job Search Theory, Labour Supply and Unemployment Duration. Journal of Econometrics, 79(2), 305-325.

A structural model of sequential job search, in which the individual decision makers incorporate labor supply in the job acceptance decision, is presented. The model satisfies the reservation wage property. Given the level of the offered wage rate, individuals can choose the number of weekly working hours optimally, by maximizing utility subject to the budget constraint. Specific attention is paid to the stochastic specification. The utility function contains an unobserved random component, and the job offer arrival rate contains unobserved heterogeneity. The search model is used to construct a stationary model of unemployment duration. In estimating the model, simulation methods are used to integrate out unobserved heterogeneity. The goodness of fit of the model is examined by analysis of the residuals.

Bowers, N. (1980, Jul). Probing the Issues of Unemployment Duration. Monthly Labor Review, 103(7), 23-32.

Accurate measures of various dimensions of the incidence and duration of unemployment are important. There are a number of methodological, measurement, and interpretative issues surrounding existing statistics on unemployment duration. The simple question of how long an unemployed person remains unemployed is not readily answered on the basis of regularly published data from the Current Population Survey (CPS). The CPS is a monthly survey of a rotating group of about 65,000 households, in which questions are asked about labor force status. This information is subject to three types of errors: (1) sampling variability, (2) misclassification of labor force status; and (3) rotation group bias. Sole reliance on gross change data may lead to exaggerations in the overall importance of labor force flows. Gross change statistics do not provide a complete picture of the labor market, largely because many job changes occur without any intervening period of unemployment.

Burgess, P. L., & Kingston, J. L. (1981, Fall). UI Benefit Effects on Compensated Unemployment. Industrial Relations, 20(3), 258-270.

Empirical estimates are provided of the effects of the size and maximum duration of weekly unemployment insurance (UI) benefits on the total weeks of compensated unemployment recorded for a group of UI claimants during a one-year period. The measure of unemployment analyzed reflects the impact of the two UI support measures on both the mean duration and frequency of unemployment spells. This approach focuses on the obvious fact that impact of UI support on total weeks of compensated unemployment is a more important policy issue than how that support may separately affect either the mean duration or frequency of unemployment periods. Results strongly suggest that some prior studies have possibly furnished overestimates of the actual impact of higher weekly benefits in prolonging unemployment duration. Data also indicates the amount and maximum duration of UI benefits impact different labor force groups in varying ways. The strength of the maximum potential benefit duration effect increases with age, and is more pronounced for nonwhites and females than for white males.

Butler, R. J., & McDonald, J. B. (1986, Nov). Trends in Unemployment Duration Data. The Review of Economics and Statistics, 68(4), 545.

A method of estimating the distribution of uninterrupted unemployment spells from total unemployment data is outlined. The methodology does not impose constant individual hazard rates, and it allows for heterogeneity. A steady state is assumed in the analysis. Features of the distribution of unemployment spells then are considered, including hazard rates, measures of inequality, such as Gini coefficients and the ratio of total unemployment associated with X weeks of unemployment. The relationship between these features and labor demand variables, gross national product, and supply-side variables, such as transfer payments and unemployment insurance, is examined in order to better understand the relative role of short- and long-run unemployment. The new sorting model, index of inequality, and approach presented will be helpful not only in the further study of unemployment spells, but in other areas where distributional inferences are important.

Capen, M. M., Cohn, E., & Ellson, R. (1985, Feb). Labour Supply Effects of Unemployment Insurance Benefits. Applied Economics, 17(1), 73-85.

A general hypothesis exists that the availability of unemployment insurance (UI) has a disincentive effect on work by reducing the opportunity cost of unemployment relative to work, thus resulting in higher unemployment than would otherwise occur without such benefits. Moreover, periods of unemployment may be of longer duration or may be more frequent in occurrence. A model is derived to estimate the possible work disincentives of UI benefits, assuming that the household's objective function is the maximization of income over a given planning period. The data used are from the 1976 wave of the Panel Study of Income Dynamics. Ordinary least squares regressions to model labor supply behavior are estimated for recipients and nonrecipients of UI benefits. The results provide empirical support for the alleged negative work incentives of UI benefits.

Corson, W. & Nicholson, W. (1983). An Analysis of UI Recipients' Unemployment Spells (UI Occasional Paper 83-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Analyzes spells of unemployment based on interviews in Missouri and Pennsylvania. This study analyzing UI recipients' unemployment spells was conducted by Mathematica Policy Research, Inc. of Princeton, N.J. under contract to DOL. The major purposes of the study were to evaluate how data from the Continuous Wage and Benefit History (CWBH) system can be used to describe and analyze UI recipients' unemployment experience and to evaluate how the CWBH data can be supplemented to examine unemployment experiences more fully. (Summary written by UI Staff)

Dynarski, M., & Sheffrin, S. M. (1990, May). The Behavior of Unemployment Durations. The Review of Economics and Statistics, 72(2), 350.

The relationship between unemployment durations and cyclical movements in unemployment is examined using an employment calendar constructed from recent questions in the Panel Study of Income Dynamics. Using three years of monthly data, hazard functions are estimated for unemployment using time-varying regressors and other variables that influence durations. Two primary conclusions emerge from the investigation: One, after controlling for a wide range of individual characteristics, individual unemployment durations do increase with the aggregate unemployment rate; and two, the sensitivity of individual durations to the aggregate unemployment rate appears to increase with elapsed durations. When economic conditions improve, reemployment probabilities increase for all workers but increase the most for those with the longest durations. The results do not appear to be sensitive to the presence of unemployment insurance.

Eckstein, Z., & Wolpin, K. I. (1990, Jul). Estimating a Market Equilibrium Search Model from Panel Data on Individuals. Econometrica, 58(4), 783-808.

The feasibility of estimating a Nash labor market equilibrium model using only information on workers is demonstrated. The model does not do well in fitting the unemployment duration distribution compared to the unrestricted model.

Ehrenberg, R. G., & Oaxaca, R. L. (1976, Dec). Unemployment Insurance, Duration of Unemployment, and Subsequent Wage Gain. The American Economic Review, 66(5), 754-766.

The estimated impact of unemployment insurance (UI) benefit changes on unemployed individuals' duration of unemployment, post unemployment wages, and duration out of the labor force is calculated. The estimates presented include: (1) The impact of the current benefit level relative to the absence of benefits; (2) The impact of increasing the replacement fraction from 0.4 to 0.5; and (3) The impact of increasing the replacement fraction from 0.0 to 1.0. An increase in UI benefits would induce additional productive job searches for older males and females. The magnitude of the impact on both post unemployment wages and duration of unemployment is larger for the male sample. An increase in UI benefits increases the duration of unemployment for younger male and female samples but has no impact on their post unemployment wages. There is no information as to whether UI benefits influence the willingness of persons to remain on temporary layoff.

Felli, L., & Ichino, A. (1988). Do Marginal Employment Subsidies Increase Reemployment Probabilities? Labour, 2(3), 63-89.

Fishe, R. P. H. (1982, Feb). Unemployment Insurance and the Reservation Wage of the Unemployed. The Review of Economics and Statistics, 64(1), 12-17.

This study analyzes how unemployment insurance (UI) affects reservation wages directly in order to empirically resolve the theoretical ambiguity of the standard job search model. An empirical model of wage offers and reservation wages consistent with the assumptions of the reservation wage job search model is presented. The data used to estimate the parameters of the censored regression model represent a five percent sample of all workers in Florida for the years 1971 to 1974. The empirical results support the hypothesis that UI has both direct and intertemporal effects on reservation wages. The direct effects lower the costs of non-working activities, thereby increasing reservation wages; however, this tends to be offset by the finite length of the benefit period and the effect of benefit exhaustion on reservation wages. The results suggest that reservation wages decline about \$2.29 during each week of compensated unemployment and drop significantly when benefits are exhausted. It was also found that decreases in the variance of wage offers tend to increase the probability of remaining unemployed.

Fishe, R. P. H. & Maddala, G. S. (1980). Effect of Unemployment Insurance on Duration of Unemployment: A Study Based on CWBH Data for Florida (UI Occasional Paper 80-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The authors of this report suggest that previous studies of the effects of UI on unemployment duration that use a duration equation and a post-unemployment earnings equation yield misleading results and do not reflect underlying behavioral equations. They develop two behavioral equations (a wage offer equation and a reservation wage equation), the parameters of which are estimated by a stochastic threshold regression model using personal characteristics, employment status, and wages (if employed). Using the two behavioral equations, the expected duration of unemployment can be estimated. (Summary written by UI Staff)

Green, D. A., & Riddell, W. C. (1997, Jan). Qualifying for Unemployment Insurance: An Empirical Analysis. The Economic Journal, 107(440), 67-84.

Little is known about the effect of unemployment insurance (UI) on employment durations. A unique accidental experiment in the Canadian UI system created an exogenous increase in the entrance requirement (the number of weeks an individual must work to qualify for benefits) of up to four weeks in some regions. The effects of this increase are identified primarily by comparing the hazard rate out of employment for the experimental year, 1990, with that for the preceding year in regions where other parameters of the UI system do not change.

Green, D. A., & Sargent, T. C. (1998, May). Unemployment Insurance and Job Durations: Seasonal and Non-Seasonal Jobs. The Canadian Journal of Economics, 31(2), 247-278.

A paper uses regional and individual variation in Unemployment Insurance (UI) parameters to estimate the impact of UI incentives on job durations. In doing so, a distinction is made between seasonal and non-seasonal jobs. Evidence is found of substantial tailoring of job durations to UI incentives in seasonal but not in non-seasonal jobs. Even for seasonal jobs, adjusting UI parameters has small impacts on average job duration except in high unemployment regions. Increasing the UI entrance requirement leads to some job lengthening but also to the creation of more very short jobs.

Gritz, R. M., & MaCurdy, T. (1997, Apr). Measuring the Influence of Unemployment Insurance on Unemployment Experiences. Journal of Business & Economic Statistics, 15(2), 130-152.

The comprehensive effects of unemployment insurance (UI) policies on the amount of time and unemployment that individuals report between jobs are studied. The econometric model jointly determines the effects of UI on the lengths of unemployment spells, the classification of these spells as unemployment, and the likelihood of collecting program benefits. The model carefully attempts to isolate variation in UI benefits attributable to differences in generosity across programs to avoid biases in estimating policy effects induced by other contaminating sources of benefit variation. It is found that UI recipients typically experience longer spells between jobs and report substantially larger fractions of these spells as unemployment.

Ham, J. C., & Rea, S. A. Jr. (1987). Unemployment Insurance and Male Unemployment Duration in Canada. Journal of Labor Economics, 5, 325-353.

Hamermesh, D. S. (1980, Oct). Unemployment Insurance and Labor Supply. International Economic Review, 21(3), 517-527.

The study was made to determine the effects of unemployment insurance on the duration of unemployment spells. In the study, unemployment insurance benefits are fitted into the framework of labor supply theory, taking into account the discontinuities that the complex benefit schedules can produce. The implications of the theory are tested against data on the labor-force behavior of married women in 1960 and 1970. It is found that an increased potential duration of benefits and easier eligibility requirements produce higher average weeks worked among women ages 25-54, while higher weekly benefits have only slight effects. These effects operate mainly by increasing weeks worked among women who do not work year-round. The impact on women who work more than 39 weeks is

small. The estimates suggest that liberal unemployment insurance benefit structures also induce women to substitute production in the market for work at home.

Hills, S. M. (Summer 1982). Estimating the Relationship Between Unemployment Compensation and the Duration of Unemployment - The Problem of Eligible Nonfilers. The Journal of Human Resources, 17(3), 460-470.

Even though a number of studies have been conducted in the past decade, there is by no means a precise estimate of the influence of unemployment insurance (UI) on the duration of unemployment. Researchers analyzing the effect of UI on duration have had trouble in selecting data on which the most appropriate tests can be performed. A test is conducted of the sensitivity of the relationship between UI and unemployment duration. Three definitions for the appropriate sample of respondents are used to estimate a duration-of-unemployment model. Replication of an original model was performed on data derived from the detailed work histories available in the 1970 and 1971 National Longitudinal Surveys. The results indicated that changes in sample definition produced different estimates of the relationship between UI and the duration of unemployment. Redefinition of the sample caused the strong relationship between the wage replacement ratio and the duration of unemployment to disappear. It is very difficult to create the instrumental variable that is required to account for eligible nonfilers and misreporting of UI.

Hogan, S., & Ragan, C. (1995, Jun). Job Security and Labour Market Flexibility. Canadian Public Policy, 21(2), 174.

The desirability of government-legislated job security is discussed. Job security may be beneficial to employed workers, but it can also impose a cost on unemployed workers by lowering labor market turnover and thereby increasing the average duration of unemployment spells. This externality can lead to self-reinforcing behavior between workers at different firms. If most workers in the economy have job security then turnover will be low and the duration of unemployment following a layoff is likely to be high. As a result, other workers will also desire job security. Even in the absence of legislation, therefore, the externality may result in more job security being provided than is socially desirable.

Hunt, J. (1995, Jan). The Effect of Unemployment Compensation on Unemployment Duration in Germany. Journal of Labor Economics, 13(1), 88-120.

Johnson, T. R. & Klepinger, D. H. (1991). Evaluation of the Impacts of the Washington Alternative Work Search Experiment (UI Occasional Paper 91-4). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This work search experiment was conducted in Tacoma, Washington. It tested four work search approaches that ranged in philosophy from an "exception-reporting" approach with no specific work search directives or monitoring to an intensive reemployment assistance early in the unemployment spell. Approximately 10,000 new unemployment insurance (UI) claimants were randomly assigned to one of the four treatment groups during the July 1986 to August 1987 enrollment period. The results indicated that various work search policies have different and important consequences for the UI Trust Fund. For example, relative to the standard work search policy, the authors found that more intensive reemployment services treatment reduces UI payments on average of one-half a week, or, \$70 per claimant. This reduction is considerably larger than the increased administrative costs associated with this treatment. It appears that the impact, reducing UI duration, of this treatment is primarily due to raising the cost of remaining on UI rather than enhanced job search abilities. However, there is no evidence that the relatively rapid reemployment of claimants in this group occurs at the cost of lower earnings or hourly wage rates. The authors also found that the exception-reporting approach significantly increases UI outlays relative to the standard work search approach by approximately 3.3 weeks and \$265 per claimant. Given that the costs of monitoring work search activities are relatively modest these results taken together indicate that it would be prudent for states to maintain an active work search policy.

Katz, L. F., & Meyer, B. D. (1990, Feb). The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment. Journal of Public Economics, 41(1), 45.

The effect of the potential duration of unemployment insurance (UI) benefits on unemployment in the US is examined. A large sample of heads of household is used to explore differences in the unemployment spell distributions of UI recipients and nonrecipients. The results show sharp increases in the escape rate from unemployment through recalls and new job acceptances for UI recipients around the time of benefit exhaustion. These increases are not apparent at similar points of spell duration for nonrecipients. Analysis of administrative data from 12 states indicates that a one-week increase in potential benefit duration increases the average duration of the unemployment spells of UI recipients by 0.16 weeks to 0.20 weeks.

Katz, A., & Ochs, J. (1980). Implications of Potential Duration Policies. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 111-126). Washington, DC: The National Commission on Unemployment Compensation.

Examines the effects of variations in potential duration formulas using Census Bureau Annual Demographic File data. Reviews previous empirical studies on effect of potential duration.

Kauffman, P., Kauffman, M., Werner, M., & Jennison, C. (1978). An Analysis of Some of the Effects of Increasing the Duration of Regular Unemployment Insurance Benefits (UI Occasional Paper 78-5). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this study is to explore alternative formulas for providing additional duration under the regular benefit program. (Excerpted from Introduction)

Kennan, J. (1980). The Effect of Unemployment Insurance Payments on Strike Duration. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 467-483). Washington, DC: The National Commission on Unemployment Compensation.

Kingston, J. L., & Burgess, P. L. (1977, Feb). How do UI Benefits Affect the Benefit Utilization Rate? Industrial Relations, 13(1), 15.

This study demonstrates the usefulness of the theoretical model of frictional unemployment as a general framework for analyzing factors that affect the benefit utilization rate. Data collected indicate that aggregate labor market demand exerts powerful influence on both the duration of unemployment and the unemployment insurance (UI) benefit utilization rate a relationship having received little attention in most job research models. Another finding having potentially important policy implications is that persons who receive higher levels of weekly UI support tend to utilize a greater proportion of the benefits to which they are entitled. This may indicate that the income maintenance objective of UI, which encourages an optimal search for suitable reemployment, is being accomplished. The utilization rate is seen to be related to such labor market characteristics as sex, race, and occupation.

Meyer, B. D. (1990, Jul). Unemployment Insurance and Unemployment Spells. Econometrica, 58(4), 757.

The effects of the level and length of unemployment insurance (UI) benefits on unemployment durations are tested. Higher UI benefits are found to have a strong negative effect on the probability of leaving unemployment.

Moffitt, R. (1984). The Effect of the Duration of Unemployment Benefits on Work Incentives: An Analysis of Four Data Sets (UI Occasional Paper 85-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

During recessions, exhaustion rates under regular unemployment insurance (UI) rise and unemployment spells lengthen. This study is concerned whether benefit extensions during such periods increase the unemployment spell beyond what it would otherwise, beyond what is necessary to find suitable employment. The results indicate that the effect of a one-week extension in potential UI duration increases the spells of males by .17 to .45 weeks and increases the unemployment spells of females by .10 to .37 weeks. (Excerpted from Introduction)

Mortensen, D. T., & Jovanovic, B. (1983, Autumn). A Welfare Analysis of Unemployment Insurance: Variations on Second-Best Themes/Comment. Carnegie - Rochester Conference Series on Public Policy, 19, 67.

Empirical studies suggest that more liberal unemployment insurance (UI) benefits: (1) prolong the length of the average unemployment period, (2) make unemployment spells more frequent, and (3) encourage labor force participation. These effects occur because the tax that finances UI benefits is typically not fully experience-rated, and UI benefits are not always taxed. Using both a search unemployment model and an implicit contract model of layoffs, it is shown that when the tax is fully experience-rated, unemployment and the UI benefit are positively related only if the benefit level is below its optimal value when workers are averse to income risk. In the case of a non-experience-rated UI tax, unemployment always rises in response to an increase in either the UI benefit or the UI tax rate whether the workers are risk averse or not. The problem of cross-subsidization, which results when the UI tax is not experience-rated and unemployment risk differs across firms or sectors, is analyzed. In a comment, the analysis of temporary and permanent layoff contracts is extended.

Munts, R. C. (1980). Previous Work Requirements and the Duration of Benefits. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 3-8). Washington, DC: The National Commission on Unemployment Compensation.

Focuses on why there are wide variations in state unemployment insurance qualifying requirements and discusses the strengths and weaknesses of the different types.

New Jersey Department of Labor, Division of Planning and Research, Office of Program Research. (1987, Oct). Evaluation of the Perceivable Demand List Pilot Project: Report and Follow-Up Questionnaire for Unemployment Benefits. Trenton: Author.

The Perceivable Demand List Pilot Project was designed to provide reemployment assistance and strengthen unemployment insurance (UI) eligibility review for claimants whose occupations were in demand in the local labor market. The principle conclusion of the study is that a program combining reemployment assistance, increased work search requirements and strengthened eligibility review for UI claimants whose occupations are in demand in the local area, can significantly reduce the duration of UI benefits for this group.

Omori, Y. (1997, Apr). Stigma effects of nonemployment. Economic Inquiry, 35(2), 394-416.

It is discussed whether longer past spells of nonemployment cause longer future spells, and if so, what the likely cause, stigma, or human capital decay is. A sample of 10,245 spells of nonemployment experienced by 2,184 young men is examined. After controlling for unobserved heterogeneity, an increase in the duration of previous nonemployment is found to lengthen the expected duration of future nonemployment. The lower the local unemployment rate was when past nonemployment occurred, the larger this effect is. This finding supports the stigma hypothesis that workers who experience nonemployment when proportionately fewer are nonemployed are more severely stigmatized.

Solon, G. (1981, Oct). Unemployment Insurance, Filing Delay and Unemployment Duration (Working paper no. 144). New Jersey: Princeton University, Industrial Relations Section.

Uses new multistate data to replicate previous work on the relationship between benefit liberality and compensated duration, and then tests whether the results are biased by the failure to measure pre-filing unemployment.

Solon, G., Black, L. L., & Gilroy, C. L. (1980). Effects of Unemployment Insurance of Working Wives on Husbands' Unemployment. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 439-444). Washington, DC: The National Commission on Unemployment Compensation.

Analyzes the persistence of unemployment among prime-age husbands using current Population Survey data.

Thomas, J. M. (1997, Jul). Public Employment Agencies and Unemployment Spells: Reconciling the Experimental and Nonexperimental Evidence. Industrial & Labor Relations Review, 50(4), 667-683.

Econometric evidence strongly suggests that unemployed job-seekers who use the services of a Public Employment Agency (PEA) have longer unemployment spells than those choosing alternative search methods. Yet, in some well-designed US experiments, increased use of PEA services has been associated with faster transitions into jobs. It is argued that the nonexperimental studies may be biased toward finding a positive relationship between unemployment spell duration and PEA use because they ignore the possibility that PEAs are chosen by many job seekers only after other search methods have been tried unsuccessfully and a period of unemployment has elapsed. An analysis of UK survey data with information on the timing of PEA use in 1987-1988 supports the hypothesis.

Tille, C. (1998, Feb). Decomposition of the Unemployment Gap Between Canada and the United States: Duration or Incidence? Canadian Public Policy, 24(1), S90-S102.

This paper examines whether the unemployment gap between Canada and the US arises from longer unemployment spells or a higher risk of experiencing unemployment in Canada, as the former case has stronger policy implications. It is found that the Canadian situation is characterized by longer unemployment spells for men, and a higher risk of experiencing unemployment for women. This indicates that the policy against unemployment should be targeted on the long-term unemployed to reduce the future persistence of unemployment, and that further research in the exact causes of the higher duration of unemployment is relevant.

Benefit Formulas

Blaustein, S. J. (1981). Job and Income Security for Unemployed Workers: Some New Directions. Kalamazoo, MI: The W.E. Upjohn Institute for Employment Research.

Proposes a restructured job security system to integrate a revamped unemployment insurance program, a new income-tested unemployment assistance scheme, and expanded employment services.

Blaustein, S. & Mackin, P. (1977). Development of the Weekly Benefit Amount in Unemployment Insurance (UI Occasional Paper 77-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this study is to provide an empirical basis for the evaluation of the weekly benefit amount provided by unemployment insurance in terms of the program's primary objective to alleviate the hardships that result from the loss of wage income during unemployment. The relevant empirical data include information about the income and expenditure patterns of the beneficiary. (Excerpted from Introduction)

de Silva, L., Mittal, S., Raptis, P., Houge, R., Klein, E., & Vroman, W. (1997, Oct). Implementing ABP: Impact on State Agencies, Employers, and the Trust Fund (UI Occasional Paper 98-4). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study focused on examining the experiences of six states that provide the alternative base period option for claimants who don't qualify for unemployment insurance benefits under the regular base period, four contiguous calendar quarters. The objectives of the study were: (1) estimate the impact of alternative base period provisions on costs of state unemployment insurance (UI) programs; (2) assess the impact of alternative base periods on employers; (3) examine the effects of the alternative base period on state UI financing and trust fund solvency; (4) analyze the demographic and labor-force characteristics of potential recipients; and, (5) provide guidance to states on how to efficiently implement an alternative base period option.

The principle finding of the study was that the costs of implementing an alternative base period program are not significant when compared to the benefits offered to a wider range of claimants. The costs to the UI agency, trust fund, and employers do not pose a significant obstacle to implementing the alternative base period option. (Excerpted from Introduction)

Kiefer, N. & Neumann, G. (1979). The Effect of Alternative Partial Benefit Formulas on Beneficiary Part-Time Work Behavior (UI Occasional Paper 79-6). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Using a static model, where labor supply remains constant, the authors examine different partial benefit formulas and the incentives for part-time employment. The authors argue that only two basic formulas are needed to predict workers' behavior. One formula ignores part-time earnings up to a certain amount (called the disregard) then taxes the remaining earnings at 100 percent. This formula is used most often. The second formula reduces the weekly benefit amount by a fraction of part-time earnings. This formula is thought to be more efficient at providing incentives for part-time work. (Summary written by UI Staff)

Kingston, J. L., Burgess, P. L., St. Louis, R., & Sloan, J. (1980). Benefit Adequacy and UI Program Costs: Simulations with Alternative Weekly Benefit Formulas (UI Occasional Paper 80-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Solon, G. (1977). Weekly Benefit Amounts and Normal Weekly Wages of Unemployment Insurance Claimants (UI Occasional Paper 77-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Vroman, W. (1995). The Alternative Base Period in Unemployment Insurance: Final Report (UI Occasional Paper 95-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report examines the effects of the alternative base period arrangements. A major focus is the numbers and characteristics of workers who qualify under the alternative base period. A major focus is the numbers and characteristics of workers who qualify under the alternative base period. The analysis of Parts I and II utilizes summary information supplied by six states and tabulations of micro data from three states. Part III then considers effects on potential and actual benefit outlays and makes rough estimates of the effects on aggregated UI trust fund outlays. Issues of UI program administration occasioned by the alternative base period are examined in Paper IV. The costs of applying the alternative base period to persons already eligible under the regular base period are considered in Part V. Part VI has concluding observations. (Excerpted from Introduction)

Bibliographies and Research Reviews

Cohen, W. J. (1982). Reflections of the Work of the National Commission on Unemployment Compensation. University of Detroit Journal of Urban Law, 59(4), 485-508.

Harvey, N. (1986). Unemployment Insurance Research Bibliography (UI Occasional Paper 86-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This bibliography is a listing of unemployment insurance research and related documents which has been entered on a programmable work processor in the Unemployment Insurance Service. The intent has been to provide a selected listing of documents published after 1979 together with reference to related bibliographies and research summaries regardless of when published. (Excerpted from Introduction)

The National Commission on Unemployment Compensation. (1983). Unemployment Insurance: A Bibliography of State-Specific UI Materials. Rosslyn, VA: Author.

This is a companion volume to the general bibliography entitled Unemployment Insurance: An Annotated Bibliography. This volume was designed to provide ready access to materials containing information and data on the UI programs of individual states.

The National Commission on Unemployment Compensation. (1980). Unemployment Insurance: An Annotated Bibliography. Rosslyn, VA: Author.

A comprehensive annotated bibliography on unemployment insurance for 1966 through 1979 with selected publications from prior years.

Canada

Beausejour, L., Sheikh, M. A., & Williams, B. (1998, Sep). Experience Rating Employment Insurance Contributions. Canadian Public Policy, 24(3), 388-393.

Unless demonstrated to the contrary, the invisible hand of the price system is the most efficient means to allocate resources and maximize economic performance. This suggests experience rating of an insurance scheme for unemployment. Simulation results from a 95-sector general equilibrium model, developed especially for studying this issue, show that a move to experience rating has the potential to substantially reduce unemployment, and increase output, wage income and employment, both in aggregate terms and in most sectors of the economy.

Bendick, M. Jr. (1984). Dislocated Workers and Mid-Career Retraining in Other Industrial Nations. In K. Hollenbeck, F. C. Pratzner, & H. Rosen (Eds.) Displaced Workers: Implications for Educational and Training Institutions (pp. 189-208). Columbus: Ohio State University.

The United States is by no means unique among market-oriented industrial nations in experiencing rapid structural change in its economy and reemployment problems among dislocated, mid-career workers. This article examines the experiences of three such nations in addressing this problem, drawing from them useful lessons for American initiatives. The three nations, in the order in which they are discussed, are Sweden, Canada, and France.

Blank, R. M., & Hanratty, M. J. (1993). Responding to Need: A Comparison of Social Safety Nets in Canada and the United States. In David E. Card, & Richard B. Freeman (Eds.) Small Differences that Matter (pp. 190-231). Illinois: University of Chicago Press.

Bowlus, A. J. (1998, Feb). A Panel Data Analysis of the US-Canadian Nonemployment Rate Gap Between Young, Low Skilled Males. Canadian Public Policy, 24(1), S192-S209.

Evidence from the U.S. National Longitudinal Survey of Youth and the Canadian Labour Market Activity Survey shows differences in both incidence and duration give rise to the mid-1980 US-Canadian nonemployment rate gap of young, low skilled males. Canadians are more likely to experience a firm-initiated job separation, to have been in a seasonal or temporary job, to experience transition to nonemployment rather than another job, and to take-up unemployment insurance (UI) than Americans. Overall, a pattern emerges of more intermittent employment in Canada with intervening spells of UI-sponsored nonemployment.

Burtless, G. (1998, Feb). Relative Unemployment in Canada and the United States: An Assessment. Canadian Public Policy, 24(1), S254-S263.

This paper reaches three conclusions about causes of the Canada-US unemployment gap. First, pure definitional differences are not very important. Second, changes in the unemployment insurance system in Canada during the 1970s and in the United States during the 1980s caused changes in jobless persons' responses to labor market surveys. Jobless Canadians became more likely to search for work during the 1970s and 1980s; jobless Americans

became somewhat less likely to seek work in the 1980s and early 1990s. Third, increased relative Canadian unemployment in the 1990s is genuine, reflecting either a cyclical or structural slump in the Canadian job market.

Canada Task Force on Unemployment Insurance. (1981). Unemployment Insurance in the 1980s.

Card, D. E., & Riddell, W. C. (1993). A Comparative Analysis of Unemployment in Canada and the United States. In David E. Card , & R. B. Freeman (Eds.) Small Differences that Matter (pp. 149-189). Illinois: University of Chicago Press.

Carnoy, M., & Fluitman, F. (1996). Education and Training: No Magic Solution to Unemployment. The Worklife Report, 10(1), 4.

In Canada and in other countries, education and training are often presented as the main ammunition against unemployment. However, education and training, per se, do not create jobs. They may make existing employment more accessible to certain people, but training is not a miracle short-term solution. Education and training are necessary to economic well-being; however, they should be more relevant, more effective and more efficient than they are today.

Christofides, L. N., & McKenna, C. J. (1993). Unemployment Insurance and Job Duration in Canada. Ontario, Canada: University of Guelph.

Corak, M. (1993). Unemployment Insurance Once Again: The Incidence of Repeat Participation in the Canadian UI Program. Canadian Public Policy, 19(2), 162-176.

Administrative data that cover roughly the period 1971-1989 are organized as a panel data set by individual in order to examine the extent and nature of repeat unemployment insurance (UI) use in Canada. A great deal of repeat use is documented, and the factors determining the likelihood that an individual will be a repeat UI participant are examined. Seasonal, regional, and industry-specific influences are important determinants. It is also found that the young are particularly prone to make repeated use of UI, as are individuals with a history of short employment spells and past UI participation. The findings are open to competing interpretations, but they nonetheless offer some guidance as to how to target active reforms of the UI program.

Corak, M., & Jones, S. R. G. (1995, Aug). The Persistence of Unemployment: How Important Were Regional Extended Unemployment Insurance Benefits? The Canadian Journal of Economics, 28(3), 555.

The contribution of regionally extended unemployment insurance benefits to the persistence of the Canadian unemployment rate during the 1980s is assessed. Administrative data associated with the operation of the UI program are used to produce counts of the number of UI claimants by benefit phase. The data suggest that the change in the number of unemployed individuals above the level prevailing in 1981 is much larger than the change in the number of regionally extended benefit recipients. The time-series properties of the number of UI claimants by benefit phase are examined, and it is found that the number of regionally extended recipients is not unusually persistent. Indeed, this series displays less persistence than the number of claimants in other benefit phases.

Crosslin, R. (1980). Shared-Work Compensation as Part of a Temporary Worksharing Program. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 827-832). Washington, DC: The National Commission of Unemployment Compensation.

Discusses proposals to pay partial unemployment insurance benefits to workers involved in temporary worksharing. Details European and Canadian experience and the California experiment.

de Silva, A. (1997, Dec). Immigrant Participation in the Unemployment Insurance System. Canadian Public Policy, 23(4), 375-397.

This paper finds that there are significant differences in the probability of unemployment insurance (UI) participation across ethnic groups. This is an aspect which has been overlooked in the Canadian literature. It also finds that whereas the probability of immigrants who came to Canada before 1975 receiving UI is often not significantly different from that of the British who came before 1966, this is not the case with those who arrived after 1975. Several ethnic groups are found to have a relatively high UI propensity.

Dungan, D. P., & Murphy, S. (1995). The UI System as an Automatic Stabilizer in Canada. Human Resources Development Canada.

Erksoy, S., Osberg, L., & Phipps, S. (1995, Aug). The Distributional Implications of Unemployment Insurance: A Micro-Simulation Analysis. Canada: Human Resources Development Canada.

The aim of this paper is to examine the importance of behavioral response for the redistributive incidence of unemployment insurance. The first part of the report discusses the microsimulation methodology for analyzing redistributive impacts over the course of a business cycle, the concept of a behavioral microsimulation model, and the data sets used for analysis. The second part presents the estimation results for the behavioral equations of the model, a summary of assumptions used to calculate the redistributive impact of Unemployment Insurance, and the main results.

Ferrall, C. (1997, Apr). Unemployment Insurance Eligibility and the School-to-Work Transition in Canada and the United States. Journal of Business & Economic Statistics, 15(2), 115-129.

A model of job search in the presence of unemployment insurance (UI) is developed and estimated for the U.S. and Canada. The level of UI benefits depends on previous earnings, which creates opposing incentives for unemployed people not receiving benefits. Which of these opposing incentives dominates the other is found to differ across demographic groups within each country. Changes in UI policy therefore can have very different effects on different individuals. The major differences found in the transition from school-to-work in Canada and the U.S. are a lower rate of job-offer arrivals and a lower rate of offer rejections in Canada. Within each country, offer-arrival rates differ across individuals much more than offer-rejection rates.

Ferris, J. S., & Plourde, C. G. (1982, Aug). Labour Mobility, Seasonal Unemployment Insurance, and the Newfoundland Inshore Fishery. The Canadian Journal of Economics, 15(3), 426-441.

The effects of seasonal unemployment insurance on the size and efficiency of the Newfoundland Inshore Fishery are considered. A model of the inshore fishery is developed that focuses on some of the factors that influence the fisherman's choice between occupational alternatives. The model is then altered to include the incentives introduced by the 1957 extension of the unemployment insurance program to the fishery. The analysis suggests that, in the absence of resource management, the ability of the program to raise per capita inshore income will be only temporary. Over the long run, the gain will be dissipated by the scale expansion of the industry. The full model is tested against the available data for the 1954-1970 period.

Fisher, P. (1980). The Canadian Program. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 907-917). Washington, DC: The National Commission on Unemployment Compensation.

Describes benefit and financing provisions of the Canadian unemployment insurance (UI) system and the relation of UI to other manpower programs.

Friesen, J. (1997, Jul). Mandatory Notice and the Jobless Durations of Displaced Workers. Industrial & Labor Relations Review, 50(4), 652-666.

This study examines the effect of Canadian advance notice laws on displaced workers' jobless durations. By considering statutory notice requirements rather than actual notice provision, it is possible to avoid the problems

associated with the endogeneity of notice that have characterized previous studies of this question. So-called group notice laws, which apply to large-scale layoffs, reduced the jobless durations of plant closure victims; but individual notice laws, which apply to all layoffs in some jurisdictions but only small-scale layoffs in others, had little effect. One possible explanation for this difference is that workers who lose their jobs while their plant remains open may have stronger expectations of being rehired than do other displaced workers, and may therefore delay job search with or without notice.

Gray, D., & Grenier, G. (1998, Feb). Jobless Durations of Displaced Workers: A Comparison of Canada and the United States. Canadian Public Policy, 24(1), S152-S169.

This paper deals with one facet of the unemployment rate gap between Canada and the US that started in the early 1980s. Discrepancies in the search behavior and environment of displaced workers that give rise to a higher observed average jobless duration for Canadian workers are analyzed. A common hazard function is estimated from a data set that combines comparable information from the American and the Canadian Displaced Worker Surveys for 1986. A descriptive analysis of the characteristics and the distribution of jobless spells of displaced workers in the two countries reveals some relevant differences across countries. The results from the regression model are roughly similar for the two countries, with the exception of significant differences in the impact of a few variables, such as the cause of displacement (plant closure versus production cutback).

Green, D. A., & Riddell, W. C. (1997, Jan). Qualifying for Unemployment Insurance: An Empirical Analysis. The Economic Journal, 107(440), 67-84.

Little is known about the effect of unemployment insurance (UI) on employment durations. A unique accidental experiment in the Canadian UI system created an exogenous increase in the entrance requirement (the number of weeks an individual must work to qualify for benefits) of up to four weeks in some regions. The effects of this increase are identified primarily by comparing the hazard rate out of employment for the experimental year, 1990, with that for the preceding year in regions where other parameters of the UI system do not change.

Green, D. A., & Riddell, W. C. (1993, Apr). The Economic Effects of Unemployment Insurance in Canada: An Empirical Analysis. Journal of Labor Economics, 11(2), S96-S147.

Green, D. A., & Sargent, T. C. (1998, May). Unemployment Insurance and Job Durations: Seasonal and Non-Seasonal Jobs. The Canadian Journal of Economics, 31(2), 247-278.

A paper uses regional and individual variation in Unemployment Insurance (UI) parameters to estimate the impact of UI incentives on job durations. In doing so, a distinction is made between seasonal and non-seasonal jobs. Evidence is found of substantial tailoring of job durations to UI incentives in seasonal but not in non-seasonal jobs. Even for seasonal jobs, adjusting UI parameters has small impacts on average job duration except in high unemployment regions. Increasing the UI entrance requirement leads to some job lengthening but also to the creation of more very short jobs.

Ham, J. C., & Rea, S. A. Jr. (1987). Unemployment Insurance and Male Unemployment Duration in Canada. Journal of Labor Economics, 5, 325-353.

Helliwell, J. F. (1998, Feb). The unemployment gap: Results, new questions, and policy implications. Canadian Public Policy, 24(1), S264-S270.

The unemployment rate gap between Canada and the US poses not one puzzle but two: why the gap arose in the 1980s, and then why it persisted and grew in the 1990s. With respect to the 1980s, the evidence marshaled by Riddell (1993) and others showed that employment grew at similar rates in Canada and the US, while labor force participation grew much faster in Canada. The unemployment insurance system was given a key role in explaining this difference. In the 1990s, the unemployment insurance systems have become more similar, and the Canadian participation rate has fallen. But the unemployment gap has grown rather than shrunk, requiring a new set of explanations. Cyclical differences have a role to play here, but are not likely to be large enough to do the trick. The growing difference in unionization rates may also have a role to play. The 1990s gap remains a puzzle.

Hogan, S., & Ragan, C. (1995, Jun). Job Security and Labour Market Flexibility. Canadian Public Policy, 21(2), 174.

The desirability of government-legislated job security is discussed. Job security may be beneficial to employed workers, but it can also impose a cost on unemployed workers by lowering labor market turnover and thereby increasing the average duration of unemployment spells. This externality can lead to self-reinforcing behavior between workers at different firms. If most workers in the economy have job security then turnover will be low and the duration of unemployment following a layoff is likely to be high. As a result, other workers will also desire job security. Even in the absence of legislation, therefore, the externality may result in more job security being provided than is socially desirable.

Johnson, A. F. (1981). A Minister as an Agent of Policy Change: The Case of Unemployment Insurance in the Seventies. Canadian Public Administration, 24(4), 612-633.

Johnson, S. (1995, Dec). More Evidence on the Effect of Higher Unemployment on the Canadian Size Distribution of Income. Canadian Public Policy, 21(4), 423.

Evidence is provided that cyclical unemployment is associated with increased income inequality in Canada. The empirical results reinforce the recent findings of Erksøy, "The Effects of Higher Unemployment on the Distribution of Income in Canada: 1981-1987," that appeared in September 1994. Erksøy used a dynamic micro-simulation to model the period from 1981 to 1987. In contrast to that work, a macroeconomic perspective is taken and an income share model is used. The period from 1981 to 1992 is examined using data from the Survey of Consumer Finances. It is striking that two such different approaches reach the same conclusion.

Jones, S. R. G. (1995, Aug). Effects of Benefit Rate Reduction and Changes in Entitlement (Bill C-113) on Unemployment Job Search Behaviour and New Job Quality. Canada: Human Resources Development Canada.

This paper investigates the effects of Bill C-113 on the durations of unemployment spells, the job-search behaviour of the unemployed, and the quality of new jobs (as measured by wages and hours worked) found after an unemployment spell. The study focuses primarily on a comparison of two groups, individuals subject to the legislation in effect prior to Bill C-113 (the "Before" sample), and those who had to cope with the Bill's less generous unemployment insurance (UI) provisions (the "After" sample).

The conclusions for unemployment durations can be summarized as follows: (1) the members of the Before group suffered less unemployment than members of the After group; (2) search inputs (number of search hours or expenses) or reservation wages do not vary systematically by cohort; and, (3) neither of the objective measures of new-job quality displayed a significant difference across the two cohorts, once relevant control variables were introduced. (Excerpted from Introduction)

Kesselman, J. R. (1983). Financing Canadian Unemployment Insurance. Toronto: Canadian Tax Foundation.

Lemieux, T., & MacLeod, W. B. (1998, Sep). Supply Side Hysteresis: The Case of the Canadian Unemployment Insurance System (Working paper no. W6732). Cambridge, MA: National Bureau of Economic Research.

This paper presents results from a 1971 natural experiment carried out by the Canadian government on the unemployment insurance system. At that time, they dramatically increased the generosity of the system. We find that the propensity to collect UI increases with a first time exposure to the system. Hence as more individuals experience unemployment their lifetime use of the system increases. This supply side hysteresis effect may explain why unemployment has steadily increased over the 1972 - 1992 period, even though the generosity of unemployment insurance did not.

Lemieux, T., & MacLeod, W. B. (1995, May). State Dependence and Unemployment Insurance. Canada: Human Resources Development Canada.

Mesa, J. M. (1984, Jan-1984, Feb). Short-Time Working or Lay-Offs? Experience from Canada and California. International Labour Review, 123(1), 99.

With high unemployment rates common and governments, employers, and labor considering redistributing working time as one solution to the employment problem, examining the short-time working option may be of interest. Short-time working compensation (STWC), which may be viewed as an alternative to layoffs, is based on two premises: (1) total man-hours are reduced by decreasing working time and not the number of workers, and (2) partial compensation is paid to employees for the time no longer worked. An analysis of the advantages, and the disadvantages of STWC programs and a review of two such programs (in Canada and California) suggest that work sharing is a viable short-term approach to minimizing layoffs and their consequences.

Osberg, L. (1991, Nov). Unemployment and Interindustry Labour Mobility in Canada in the 1980s. Applied Economics, 23(11), 1707.

The determinants of interindustry labor mobility and its relationship to the unemployment rate are examined using Labour Force Survey data on Canadian workers for the periods 1980-1981, 1982-1983, and 1985-1986. A dynamic reallocation model that predicts a positive relationship between unemployment and interindustry mobility is contrasted with the older Keynesian perspective that implies a negative relationship between interindustry mobility and unemployment. The results indicate that a mismatch between desired and actual hours produces continual interindustry mobility in modern labor markets. Qualified support is found for the view that high rates of unemployment "chill" the labor market and inhibit interindustry mobility. In general, the results underline the cyclical sensitivity of microeconomic behavior and, in particular, labor market mobility.

Pal, L. A. (1988, Mar). Sense and Sensibility: Comments on Forget. Canadian Public Policy, 14(1), 7.

The conclusions of Canada's 1986 Forget Commission Report on Unemployment Insurance were consistent with those of other commissions in its proposals for change. Ironically, such proposals have been followed by adhering to old positions. Unemployment insurance (UI) policies are difficult to change because UI is inherently complex, affecting a wide variety of constituencies. Reforms require political sensitivity. The UI program has been torn by a number of sources of conflict: (1) intergovernmental, (2) employer-employee; (3) income supplementation goals versus characterization as insurance; and, (4) UI versus other income security programs. Recent attempts at reform have met with resistance because cost-containment and greater controls have been the themes. Royal commissions are not appropriate to the role of UI reform. A suggested alternative is a special joint committee of Parliament, the objective of which would be to review UI within the framework of the income security system as a whole.

Pal, L. A. (1983, Mar). The Fall and Rise of Developmental Uses of UI Funds. Canadian Public Policy, 9(1), 81-93.

Rachid, A. (1990, Fall). Government Transfer Payments and Family Income. Perspectives on Labour and Income, 2 (3), 50-60.

Transfer payments among Canadian families totaled 80 percent in 1985, with 90 percent of the lowest income families receiving some kind of cash assistance during that year. Transfer payments moderate the inequality of income distribution. Low income families with children would be negatively affected without child tax credits and family allowances. Income security programs for families and the elderly have provide protection for portions of the population with limited funds.

Robinson, J. G. (1993). New Forms of Activity for the Unemployed and Measures to Assist the Creation of Self-Employment: Experiences and Opportunities in Combating Unemployment (UI Occasional Paper 93-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study analyzes the provisions of programs which encourage the unemployed to become self-employed, to set up new enterprises, or take over existing businesses. It also examines the variety of approaches taken in industrial countries which, in effect, shift the emphasis from the income maintenance feature of the unemployment insurance and assistance programs to the capitalization of the available resources for the encouragement of the development of self-employment and job creation.

Countries covered include Australia, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Netherlands, Norway, Portugal, Spain, Sweden, and the United States. (Summary written by UI Staff)

Scott, B. (1984, May-1984, Aug). Unemployment Insurance: Who Benefits? The Mechanics of Unemployment Insurance (Canada). Perception, 7, 25-26.

Stein, L. (1982). Trade Adjustment Assistance as a Means of Achieving Improved Resource Allocation Through Freer Trade: An Analysis of Policies for Aiding the Import-Injured in the United States, Canada and Australia. American Journal of Economics and Sociology, 41(3), 243-256.

Storer, P. A., & van Audenrode, M. A. (1998, Feb). Exploring the Links Between Wage Inequality and Unemployment: A Comparison of Canada and the US. Canadian Public Policy, 24(1), S233-S253.

This paper examines the links between the unemployment rate gap and wage inequality in the US and Canada. Survey data for displaced workers from the early 1980s are compared for the two countries to examine differences in wages obtained after displacement. All workers and subgroups of the population are examined, and entire wage distributions between the countries are compared. While a tighter wage-change distribution is found in Canada, the results do not indicate that this is primarily due to more generous unemployment insurance in Canada. Unemployment insurance does, however, improve wage outcomes for the long-term unemployed in Canada.

Tille, C. (1998, Feb). Decomposition of the Unemployment Gap Between Canada and the United States: Duration or Incidence? Canadian Public Policy, 24(1), S90-S102.

This paper examines whether the unemployment gap between Canada and the US arises from longer unemployment spells or a higher risk of experiencing unemployment in Canada, as the former case has stronger policy implications. It is found that the Canadian situation is characterized by longer unemployment spells for men, and a higher risk of experiencing unemployment for women. This indicates that the policy against unemployment should be targeted on the long-term unemployed to reduce the future persistence of unemployment, and that further research in the exact causes of the higher duration of unemployment is relevant.

Claimant Characteristics

Barsby, S. L. (1980). The Unemployment Experience of Older Workers and the Transition to Retirement. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 719-736). Washington, DC: The National Commission on Unemployment Compensation.

Examines the labor force experiences of older workers.

Budd, J. W., & McCall, B. P. (1997, Apr). The Effect of Unions on the Receipt of Unemployment Insurance Benefits. Industrial & Labor Relations Review, 50(3), 478-492.

Using National Longitudinal Survey of Youth data for the period 1979 to 1991, this study analyzes the effect of union representation on the likelihood that individuals eligible for unemployment insurance (UI) benefits actually received those benefits. The study finds that unions had no statistically significant effect on the probability of benefit receipt among white-collar workers, but among eligible blue-collar workers, those who were laid off from union jobs were roughly 23 percent more likely than comparable nonunion workers to receive UI benefits. Although the analysis does not identify the reasons for this difference, two factors it appears to rule out as determinants are union-negotiated supplemental unemployment benefit plans and differences in expected unemployment durations between union and nonunion workers.

Carter, C., & Waller, E. (1982, Sep). Does Unemployment Insurance Affect the Composition of Joblessness? Economic Review - Federal Reserve Bank of Atlanta; Atlanta, 67(9), 31-40.

A study of 223 unemployed individuals in Georgia was undertaken to: (1) determine the degree to which unemployment compensation increases the probability that a worker will be laid off on a temporary basis rather than indefinitely; and (2) examine whether socio-demographic factors affect that same probability. The statistical analyses indicate that: (1) the likelihood of temporary layoff is directly related to the individual's marginal replacement; (2) men are more likely to be assigned to temporary layoff than women, and (3) single white women and married white men are more likely to have a temporary layoff than nonwhites, but single nonwhite men and married nonwhite women are more likely to be temporarily laid off than whites. It is concluded that the unemployment insurance (UI) system is changing the structure of unemployment toward more temporary layoffs, particularly for those with more seniority and those whose UI benefits replace a larger portion of previous net income.

Corson, W. & Dynarski, M. (1990). A Study of Unemployment Insurance Recipients and Exhaustees: Findings from a National Survey (UI Occasional Paper 90-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this study is to examine the characteristics and behavior of unemployment insurance exhaustees and nonexhaustees, and to explore the implications of this information for policy formation.

Hutchens, R. (1981, Apr). Distributional Equity in the Unemployment Insurance System. Industrial & Labor Relations Review, 34(3), 377-385.

Theoretical and empirical research on the potential incentive effects of unemployment insurance (UI) has increased recently. Adding to that research, new data on the distribution of UI benefits across income classes are presented. The data are drawn from a version of the 1970 Brookings Merge file that is corrected for under reporting of UI benefits. The new data support previous claims that a large share of UI benefits go to middle- and upper-income groups. The data also indicate, however, that earlier studies underestimated the extent to which lower income groups benefit from the program. Further, an analysis of the determinants of the flow of benefits to the highest quintile of families in the income distribution showed that a significant part of total benefits flow to this group in large part because of their high labor-force participation rates. Program rules, such as benefit formulas, that give larger weekly benefits to those with higher earnings are of comparatively minor importance. Nonetheless, the results support previous claims that middle-income families receive a large portion of UI benefits.

Lingle, R. C., & Jones, E. B. (1978, May). Women's Increasing Unemployment: A Cross-sectional Analysis. The American Economic Review, 68(2), 84.

Cross-sectional data from the Censuses of Population of 1960 and 1970 are used to examine whether the relationship between female and male unemployment rates shifted during the decade. The current study adds the cyclical factor to the list of changes during the decade that may influence any trend in the disparity between the sexes in unemployment rates. The cyclical effect was not small; the unemployment disparity rate between men and women twenty years of age and over increased by one percentage point during the time period. The discontinuity of women's labor market attachment is emphasized in accounting for differences in wages of men and women. The cyclical aspect of unemployment behavior is caused by women leaving the labor force.

McCall, B. P. (1996). Repeat Use of Unemployment Insurance. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. II1-II43). Washington, DC: Advisory Council on Unemployment Compensation.

The purpose of this paper is to analyze the extent of repeat use of unemployment in the United States. Specifically, the question of whether, among the unemployed who qualify for unemployment insurance benefits, past recipients are more likely to file a claim during a layoff will be analyzed. This research employs data from both the National Longitudinal Survey of Youth and the Survey of Income and Program Participation. To analyze the role learning or state dependence in repeat use of the unemployment insurance system, instrumental variable techniques are used to analyze whether the receipt of unemployment insurance during the first job separation in which an individual qualifies for unemployment insurance benefits increases the chances of benefit receipt in the next job separation in which he or she qualifies for unemployment insurance benefits. The data used suggest that the extent of repeat use is considerable. There is also some evidence that using the UI system in and of itself increases the probability of future use. One area not studied, however, is that receipt of UI may affect the type of job an individual accepts and, hence, the likelihood of a future eligible layoff. (Excerpted from Abstract)

Office of the Assistant Secretary for Policy. (1983). UI Research Exchange: Characteristics of Recipients of Federal Supplemental Compensation (UI Occasional Paper 83-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study examines characteristics of 28,000 individuals who received FSC benefits during the period September-December 1982. Although the data does not constitute a random sample, the twelve states included in the study closely resemble the nation in their insured unemployment rates, industrial mix and demographic characteristics. (Excerpted from Executive Summary)

Theeuwes, J., Kerkhofs, M., & Lindeboom, M. (1990, Aug). Transition Intensities in the Dutch Labour Market 1980-85. Applied Economics, 22(8), 1043.

Using data from a set of retrospective questions in a national sample from the Netherlands on individual labor market experiences in the period 1980-1985, a three-state hazard model is estimated. Transitions are analyzed between three labor market states - employment: unemployment, the out-of-the-labor force, and between jobs (job mobility). Allowance is made for time-varying exogenous variables and duration dependence. The estimated transition rates allow prediction of individual probabilities of participation in the labor force and of employment and unemployment and to calculate expected lengths of stay in each of these labor market states as a function of personal characteristics and relevant demand conditions. It is found that age, education, and work experience are important variables to explain the labor market dynamics of both sexes. Family situation and children variables have an important influence on the female's labor force flows but not on that of the male. Significant duration dependence is found in only a few cases.

Contingent Workers

Abraham, K. G., & Taylor, S. K. (1996). Firms' Use of Outside Contractors: Theory and Evidence. Journal of Labor Economics, 14(3), 394-424.

Carnevale, A. P. (1995). Unemployment Insurance: Barriers to Access for Women and Part-Time Workers. National Commission for Employment Policy.

Cook, R. F. & Brinsko, A. E. (1997). Employee Leasing: Implications for State Unemployment Insurance Programs: Final Report (UI Occasional Paper 97-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents the results of an exploratory study of the employee leasing industry. It begins with an description of the employee leasing industry, as well as its size and characteristics. State unemployment insurance (UI) tax administrators were questioned on their experience with the industry and their response in terms of handling leasing companies with regard to the taxing and reporting provisions of state law. The implications of the leasing industry on state UI trust funds is also discussed.

Euzeby, A. (1988). Social Security and Part-Time Employment. International Labour Review, 127(5), 3-24.

Despite numerous disadvantages, different forms of part-time employment have advantages for workers, employers, and the community at large. However, existing social security schemes include rules that inhibit the expansion of part-time employment. Such obstacles stem from methods of financing social security, calculating contributions, and qualifying conditions for benefits and their methods of calculation. Some countries, such as Belgium, have relaxed the qualifying conditions for benefits in order to reduce discrimination against part-time workers. Social security can encourage part-time employment by eliminating regulations that discriminate against employers as well as employees. Several countries have relaxed provisions concerning unemployment compensation that discourages the unemployed from accepting part-time work. Other arrangements include setting a floor for employers' contributions, graduated contribution rates, and financial incentives.

Houseman, S. N. (1996). Temporary, Part-Time, and Contract Employment in the United States: A Report on the W.E. Upjohn Institute's Employer Survey on Flexible Staffing Policies.

Levenson, A. R. (1996, Oct). Recent Trends in Part-Time Employment. Contemporary Economic Policy, 14(4), 78-89.

Levenson analyzes trends in part-time employment in the US for the period 1964-93. Data show a cyclical increase during the latest recession but no upward trend since 1984.

McCall, B. P. (1995). The Incentive Effects of Partial Unemployment Insurance Rules. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. X1-X42). Washington, DC: Advisory Council on Unemployment Compensation.

This paper analyzes the incentive effects of unemployment insurance laws regarding part-time work by examining some specific issues regarding the influence of the level of allowable earnings an individual makes from a part-time job (the "disregard") on job search behavior. A sample of youths from the National Longitudinal Survey of Youth is used to provide data for the study. A literature review is followed by the presentation of the data, the empirical results of the analysis and finally the summary and concluding remarks.

The results from this research suggests that an increase in the disregard will increase the probability of part-time re-employment, for at least some groups of workers, with most of the increase occurring early on in the joblessness spell. The empirical findings to date also suggest that increasing the disregard would increase the welfare of UI recipients by allowing them to receive more UI benefits while working part-time. However, since increasing the disregard does not substantially reduce the joblessness durations of UI recipients and increases the fraction of UI recipients who accept part-time work, UI program costs would likely increase. (Summary written by UI Staff)

Polivka, A. E. (1996, May). Are Temporary Help Agency Workers Substitutes for Direct Hire Temps? Searching an Alternative Explanation of Growth in the Temporary Help Industry. Paper presented at The Society of Labor Economists Conference, Chicago, IL.

Segal, L. M., & Sullivan, D. G. (1995, Mar). The Temporary Labor Force. Economic Perspectives, 19(2), 2.

The personnel supply industry, its relationship to aggregate employment, and the changes occurring in the industry over time are described. Evidence is presented that the use of temporary workers is a leading indicator of aggregate economic conditions. The personnel supply industry is undergoing fundamental change as well as rapid growth. Over the last decade, the industry has become increasingly male and blue-collar. Temporary workers have somewhat weaker than average attachments to the labor force and tend to have less economic security than the average worker. However, workers frequently move from temporary to permanent employment, suggesting that fears of a developing underclass are exaggerated.

Wolfe, M. N. (1996, Jul-1996, Aug). That's Not An Employee, That's An Independent contractor. Compensation and Benefits Review, 28(4), 60-64.

The cost savings and flexibility contract labor offers employers will fuel growth of this sector of the workforce well into the 21st century. This explosive growth has triggered a crackdown by the IRS and other government agencies on employers that misclassify employees as independent contractors. Employers that miss the fine legal line that separates employees and independent contractors may face retroactive reclassification, huge penalties, and interest. Regular employee versus independent contractor is not an easy issue to deal with. The key to determining the independent contractor status of a worker is the IRS' 20-point checklist contained in Revenue Ruling 87-41. However, this list is highly controversial and subject to broad interpretation. In addition to the 20 points on the IRS list, the courts have considered three other factor in determining independent contractor status: (1) the level of skill required by the worker; (2) the intent of the parties, and (3) the prevailing industry practice.

Yoon, Y. H., Spalter-Roth, R., & Baldwin, M. (1995). Unemployment Insurance: Barriers to Access for Women and Part-Time Workers. Washington, DC: National Commission for Employment Policy.

Coordination between UI, ES, & JTPA

Comfort, R. A. & Peck, J. C. (1992). UI Research Exchange: UI Quality Control Program Improvement Study (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The intent of the study was to assess the relationship between Employment Services and Unemployment Insurance in two disparate local offices, with possible inferences for overall local office operations. (Summary written by UI Staff)

Lopez, M. (1992). UI Research Exchange: Single Client Data Base (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Single Client Data Base (SCDB) will contain all Unemployment Insurance (UI) and Disability Insurance (DI) claims and payment information including the benefit accounting system. It also includes Job Services (JS) client information. This will allow the various systems to share information that previously was stored redundantly in each system. Once a user accesses the SCDB, he or she may move easily from screen-to-screen between the JS, UI and DI online automated systems. This sharing of data in the automated environment will allow staff to concentrate on the most effective delivery of services possible to clients. (Summary written by UI Staff)

Lubin, C. R. (1980). The Employment Service Role in Unemployment Compensation. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 869-906). Washington, DC: The National Commission on Unemployment Compensation.

Discusses the history, functions and funding problems of the employment service as related to unemployment insurance. (Summary written by UI Staff)

Messenger, J. & Marler, S. (1992). UI Research Exchange: Linkages and Coordination: Using Teamwork to Assist the Dislocated Worker (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this analysis is to provide state agencies and others with an understanding of what coordination and linkage programs the individual states have implemented, what are the components of such systems, and how these components fit together as a system. (Excerpted from Introduction)

Thompson, R. M. (1992). UI Research Exchange: Coordination and Linkages Between Unemployment Insurance, Job Service, and the Job Training Partnership Act and Network (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Over the years, the Department of Labor has encouraged coordination among the human service delivery systems of unemployment insurance (UI), Job Service (JS), and Job Training Partnership Act network, in order to obtain optimal benefit from in-place delivery systems. Now, due to the requirements of the Economic Dislocation and Worker Adjustment Assistance Act, there is considerably more focus on the issue. (Excerpted from Introduction)

Coverage

Advisory Council on Unemployment Compensation. (1995). Background Papers, Volumes I and II. Washington, DC: Author.

Booth, P. (1980). Coverage of Agricultural Workers. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 673-704). Washington, DC: The National Commission on Unemployment Compensation.

Examines the extension of UI coverage to agricultural workers, the experiences of states during the first years of operation, and the impact of extension on achieving protection of hired farm workers. Contains recommendations for broadening agricultural coverage and other program improvements.

Elterich, G. H. & Graham, L. (1977). Impact of P.L. 94-566 on Agricultural Employers and Unemployment Insurance Trust Funds in Selected States (UI Occasional Paper 77-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report is second in a sequence and studies the impact of the section in the Unemployment Compensation Amendments of 1976 pertaining to the coverage for agricultural employment. The study is based on a sample of hired workers surveyed during 1971 in fifteen states. Analysis was performed on the workers' UI coverage, the demographic, employment and migratory characteristics of the covered workers and the impact of the law on the economic welfare of beneficiaries. (Excerpted from Introduction)

Elterich, G. H., & Graham, L. (1977). Impact of Extension of Coverage to Agricultural Workers under P.L. 94-566, Their Characteristics and Economic Welfare (UI Occasional Paper 77-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Ishikawa, M. (1979). Unemployment Compensation in Varying Phases of Joblessness (UI Occasional Paper 79-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The intent of this paper is to discuss the goals and distinguishing features of unemployment insurance so that any overall "welfare" reform will be made with a proper perspective. (Excerpted from Abstract)

Kornblum, A. (1980). Household Workers. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 705-718). Washington, DC: The National Commission on Unemployment Compensation.

Customer Satisfaction

Curtin, R. T., & Ponza, M. (1980). Attitudes Toward and Experience With Unemployment Compensation Among American Households. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 761-788). Washington, DC: The National Commission on Unemployment Compensation.

This paper presents the results of a nationwide household survey conducted in 1979 and 1980 on attitudes toward and experience with unemployment compensation. Topics included: incidence of unemployment, the job search process, and attitudes toward the unemployment compensation program - including whether it was perceived primarily as earned insurance or as part of the welfare system.

Marcus, S. S. & Frees, J. W. (In Press). Unemployment Insurance Claimant Satisfaction Study (UI Occasional Paper 99-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Unemployment Insurance (UI) Claimant Satisfaction Study is part of the U.S. Department of Labor's contribution to the larger government initiative to be more "customer-focused." The key findings of this study are: (1) satisfaction with the UI system is very high; (2) claimants are satisfied with the fairness of the UI procedures and their treatment by UI staff; (3) claimants are supportive of key requirements for UI benefit receipt; (4) claimants strongly reject the stereotype of the UI system as bureaucratic, uncaring and cumbersome; (5) claimants like filing claims by telephone but are less satisfied with their ability to get answers to their questions through the voice response system, and they are less satisfied with the appeals process if their hearing is done via telephone conference; (6) overall satisfaction with the UI system is higher among older claimants than younger claimants; (7) variation among individual benefit levels does not appear to be linked to claimant satisfaction; (8) claimants who receive benefits are more satisfied than claimants who are denied benefits; (9) satisfaction with the appeals process is much lower than the system as a whole; and, (10) claimants express high levels of satisfaction even when they are not necessarily receiving more tangible benefits, for example, 83 percent of the people referred to job training said this was helpful even though only 29 percent of those referred actually enrolled. (Excerpted from Executive Summary)

Demonstration & Pilot Projects

Abt Associates. (1983, Dec). Serving the Dislocated Worker: A Report on the Dislocated Worker Demonstration Program. Cambridge, MA: Author.

Abt Associates. (1984, Sep). The Downriver Community Economic Readjustment Program: Overview and Summary. Cambridge, MA: Author.

Benus, J. M., Wood, M., & Johnson, T. R. (1994). First Impact Analysis of the Washington State Self-employment and Enterprise Development (SEED) Demonstration (UI Occasional Paper 94-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents interim estimates of the impacts of the Washington State Self-Employment and Enterprise Development (SEED) Demonstration on the employment and earnings experiences of program participants based primarily on data from a followup telephone survey that was conducted approximately 21 months after random assignment. The interim results indicate that self-employment programs like SEED represent viable policy tools for promoting the rapid reemployment of unemployment insurance claimants. The questions of the cost-effectiveness of such a policy tool will be addressed in the final report. (Excerpted from Abstract)

Corson, W., Decker, P., Dunstan, S., & Kerachsky, S. (1992). Pennsylvania Reemployment Bonus Demonstration Final Report (UI Occasional Paper 92-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Pennsylvania Reemployment Bonus Demonstration project tested the effect of alternative reemployment bonuses on unemployment insurance (UI) recipients. The demonstration showed that reemployment bonuses can reduce the amount of time spent on UI, thereby reducing benefit payments. The demonstration also provided some evidence that the bonus offers increased the employment and earnings of claimants. Overall, the demonstration showed that the benefits of reemployment bonuses can exceed their costs to society, claimants, and the government. However, for all of the bonus offers tested, the amount of the bonus payments plus their administrative costs exceeded the savings in UI payments. Thus reemployment bonuses do not appear to be cost-effective from the standpoint of the UI system itself. (Summary written by UI Staff)

Corson, W. & Haimson, J. (1996). The New Jersey Unemployment Insurance Reemployment Demonstration Project: Six Year Follow-Up and Summary Report (Revised Edition) (UI Occasional Paper 96-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of the New Jersey Unemployment Insurance Reemployment Demonstration Project was to examine whether the Unemployment Insurance (UI) system could be used to identify displaced workers early in their unemployment spells and to provide them with alternative, early intervention services to accelerate their return to work. Three packages of services, were or treatments were tested in the demonstration: 1) job-search assistance (JSA) only; 2) JSA combined with training or relocation assistance; and, 3) JSA combined with a cash bonus for early reemployment. A key component of the demonstration was that eligible claimants were identified and services were provided through the coordinated efforts of the UI, Employment Service, and Job Training and Partnership Act systems. This evaluation found evidence demonstrating that each component of the treatments (i.e. JSA, training, reemployment bonus) generated jobs that were more stable than those jobs found by members of the control group. (Excerpted from Executive Summary)

Corson, W., Long, D., & Nicholson, W. (1985). Evaluation of the Charleston Claimant Placement and Worktest Demonstration 1984 (UI Occasional Paper 85-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective was to develop and test new operating procedures to improve the work test and job finding services for UI claimants. The evaluation showed a reduction in weeks of benefits collected of from one-half to three-quarters of a week and net savings of about \$50 per claimant for each of the three treatments tested. (Summary written by UI Staff)

Corson, W., Maynard, R., & Long, S. (1985). An Impact Evaluation of the Buffalo Dislocated Worker Demonstration Program. Princeton, NJ: Mathematica Policy Research, Inc.

Decker, P. T. & O'Leary, C. (1992). An Analysis of Pooled Evidence from the Pennsylvania and Washington Reemployment Bonus Demonstrations (UI Occasional Paper 92-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Social experiments conducted in Pennsylvania and Washington tested the effect of offering unemployment insurance (UI) claimants a cash bonus for rapid reemployment. Bonus offers in each of the experiments generated statistically significant but relatively modest reductions in UI receipt. Since the estimated impacts on UI receipt were modest, the reemployment bonuses did not generate the UI savings necessary to pay for administering and paying the bonuses. Hence, contrary to earlier findings from a bonus experiment conducted in Illinois, findings from the Pennsylvania and Washington experiments strongly suggest that a reemployment bonus is not a cost-effective method of speeding the reemployment of UI claimants.

Dubin, J. A., & Rivers, D. R. (1985). Evaluating the Impact of the Productive Employment Program (Working paper). Pasadena, CA: California Institute of Technology, Division of the Humanities and Social Services.

The PEP program established a voucher system which would allow UI recipients to collect their current UI benefit or, alternatively, to transfer the benefit to any employer willing to hire them. The study concluded that a subsidy equivalent to 20 percent of prevailing industry wages is predicted to reduce insured unemployment by about 1.3 percent over six to eight quarters.

Hopwood, G. L. (1990). Kansas Nonmonetary Expert Systems Prototype (UI Occasional Paper 90-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Jacob, B., Wood, M. L., & Grover, N. (1994). Self-Employment as a Reemployment Option: Demonstration Results and National Legislation (UI Occasional Paper 94-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents preliminary results from the Washington and Massachusetts Unemployment Insurance Self-Employment Demonstration projects. This analysis covers, on average, the first nineteen months after random assignment in Massachusetts and the first 21 months after random assignment in Washington. A final report on each of the two demonstrations will cover the first three years after random assignment. (Excerpted from Introduction)

Klepinger, Daniel H., Johnson, Terry R., Joesch, Jutta M., & Benus, Jacob M. (1997, Nov). Evaluation of the Maryland Unemployment Insurance Work Search Demonstration (UI Occasional Paper 98-2). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Maryland Unemployment Insurance (UI) Work Search Demonstration was designed to examine the effectiveness of alternative work search policies in the UI program. In Maryland, to be eligible to receive UI benefits at the time of the demonstration, claimants were required to search for work and to report two employer contacts made per week on their continued claims form. There was no review or verification of the reported contacts with employers, and no specific job search assistance services were offered as part of the work search policy. This relatively streamlined work search policy is similar to that used in other states at the time, although the specific number of employer contacts required and the extent to which they were reviewed varied across states. Very few states offered specific reemployment services as part of their general work search policy. Today, however, legislation mandates that intensive services are provided to targeted or profiled claimants. (Excerpted from Executive Summary)

New Jersey Department of Labor, Division of Planning and Research, Office of Program Research. (1987, Oct). Evaluation of the Perceivable Demand List Pilot Project: Report and Follow-Up Questionnaire for Unemployment Benefits. Trenton: Author.

The Perceivable Demand List Pilot Project was designed to provide reemployment assistance and strengthen unemployment insurance (UI) eligibility review for claimants whose occupations were in demand in the local labor market. The principle conclusion of the study is that a program combining reemployment assistance, increased work search requirements and strengthened eligibility review for UI claimants whose occupations are in demand in the local area, can significantly reduce the duration of UI benefits for this group.

Disaster Unemployment Assistance

Hagman, H. R. & Swindle, T. (1992). UI Research Exchange: DUA Expert System as Developed by the Texas Employment Commission (UI Occasional Paper 92-4). Washington, DC: U. S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper discusses the construction of an Expert System for the Disaster Unemployment Assistance program. The need for and interest in an Expert System for the DUA arose due to difficulties associated with a federal program that is called to action infrequently and that requires a rapid and expert response from the employees (sometime temporary employees) who are unfamiliar complex laws containing factors that are easily overlooked. The developed system quickly brings state employees up to speed following a disaster and helps them make accurate decisions by utilizing all of the criteria contained in the legislation and DOL directives. (Summary written by UI Staff)

Dislocated Workers & Reemployment Services

Abt Associates. (1983, Dec). Serving the Dislocated Worker: A Report on the Dislocated Worker Demonstration Program. Cambridge, MA: Author.

Abt Associates. (1984, Sep). The Downriver Community Economic Readjustment Program: Overview and Summary. Cambridge, MA: Author.

Addison, J. T., & Blackburn, M. L. (1997, Jan). A Puzzling Aspect of the Effect of Advance Notice on Unemployment. Industrial & Labor Relations Review, 50(2), 268-288.

Displaced workers with generous periods of advance notice are more likely than their non-notified counterparts to avoid post-displacement unemployment altogether, but once unemployed, they tend to escape from unemployment much more slowly. Using data for the five-year retrospective 1988 and 1990 Displaced Worker Surveys, the study examines three potential explanations for this puzzle: (1) delaying behavior induced by the receipt of unemployment insurance; (2) nonrandom distribution of notice to workers; and, (3) previous studies' failure to appropriately incorporate the pre-displacement search time of notified workers. The analysis supports the third explanation. After allowing for less intense search prior to displacement than following displacement, the study finds that the pattern of escape rates for otherwise observationally equivalent workers does not differ by notification status.

Baldwin, S. E., & Donahue, A. (1983). Displaced Workers: New Options for a Changing Economy (S.1.). Washington, DC: The National Commission for Employment Policy.

This paper discusses using the unemployment insurance system to meet the needs of both the displaced worker and the economy.

Bendick, M. Jr. (1982). Workers Dislocated by Economic Change: Toward New Institutions for Mid-Career Worker Transformation. Washington, DC: The Urban Institute.

The American economy is experiencing rapid structural change, associated with causes such as increasing foreign competition, technological advances, energy price rises, and consumer demographic trends. One consequence of these shifts is that some number of mid-career, non-advantaged, American workers find themselves unemployed, despite having previously enjoyed relatively stable work histories, high skill levels, and high wages. This paper examines the question of what forms of employment and training assistance the federal government might most usefully provide to assist these workers toward becoming productively reemployed.

Bendick, M. Jr. (1984). Dislocated Workers and Mid-Career Retraining in Other Industrial Nations. In K. Hollenbeck, F. C. Pratzner, & H. Rosen (Eds.) Displaced Workers: Implications for Educational and Training Institutions (pp. 189-208). Columbus: Ohio State University.

The United States is by no means unique among market-oriented industrial nations in experiencing rapid structural change in its economy and reemployment problems among dislocated, mid-career workers. This article examines the experiences of three such nations in addressing this problem, drawing from them useful lessons for American initiatives. The three nations, in the order in which they are discussed, are Sweden, Canada, and France.

Benoit-Guilbot, O., & Gallie, D. (1994). Long-Term Unemployment. London: Pinter.

Benus, J. M., Johnson, T. R., Wood, M., Grover, N., & Shen, T. (1995). Self-Employment Programs: A New Reemployment Strategy (UI Occasional Paper 95-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The North American Free Trade Agreement Implementation Act (P.L 103-182) authorizes states to establish self-employment assistance (SEA) programs for unemployed workers. As of the end of 1994, five states (California, Connecticut, Maine, New York and Rhode Island) have enacted enabling legislation to implement SEA programs for the unemployed.

The main parameters of SEA programs were tested in two experimental demonstrations sponsored by the U.S. Department of Labor. The Washington State and Massachusetts Unemployment Insurance Self-Employment Demonstrations evaluated the ability of the U.S. employment security and economic development systems to work together and help Unemployment Insurance (UI) recipients create their own jobs by starting businesses. Preliminary results from these two demonstrations indicated that SEA is a viable reemployment option for some portion of the unemployed. Moreover, preliminary results suggested that the Massachusetts model was likely to be a cost-effective approach for providing SEA to UI claimants. These early results were cited in the decision to authorize SEA for a five-year period.

In this report, the final impact estimates of the Washington and Massachusetts UI Self-Employment Demonstrations are presented. These final results largely reinforce the earlier preliminary findings and underscore the conclusion that SEA is a viable policy tool to promote the rapid reemployment of unemployed workers. The cumulative evidence from the preliminary and final evaluations suggests that SEA should be permanently incorporated into the U.S. employment security and economic development system. (Summary written by UI Staff)

Choate, P. (1982). American Workers at the Rubicon: A National Human Capital Strategy. Economic Development Commentary, 6, 3-10.

Examines demographic and economic changes affecting the nation's employment and training policy. Contends that, "A comprehensive human capital strategy is required to provide entry-level, remedial and retraining assistance. An Individual Training Account, an entirely new idea in displaced worker assistance, could be critical to the retraining and relocation of the 20 to 30 million American workers who will be displaced in the next two decades."

Cook, R. F., Brinsko, A., Elmas, J., & Tan, A. G. (1995). Government Funded Relocation Assistance. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. S1-S14). Washington, DC: Advisory Council on Unemployment Compensation.

Relocation can move individuals from geographic areas of low labor demand to areas of high labor demand and individuals whose skills are no longer needed in one area to an area in which they are in demand. Relocation involves both economic and noneconomic costs and benefits. The economic costs include the costs of a job search and moving, possible higher living costs if the move is from a low-cost area to a high-cost area, and the cost of a spouse's job search if the household has two earners. Noneconomic costs include separation from relatives and friends, as well as the logistical costs of locating new schools, doctors, supermarkets, banks, auto repair shops, and other service providers.

Dislocated workers are defined as experienced workers. They are more likely to be older, married, and homeowners, as well as living in two-earner households. This implies that both the economic and noneconomic costs of relocation are higher than the relocation benefits offered. In addition, the workers face average wage replacement rates of less than one.

All of this suggests that, as a service to dislocated workers, relocation should be offered to younger, single workers who have skills that are marketable on a national basis but for which the usual labor market is local or regional. Further, although relocation appears to be a low-cost service compared with retraining, the relocation costs that may be reimbursed are low relative to the actual costs of relocating, particularly for dislocated workers. (Excerpted from Abstract)

Corson, W., & Decker, P. (1995). Using the Unemployment Insurance System to Target Services to Dislocated Workers. Princeton, NJ: Mathematica Policy Research, Inc.

Corson, W. & Haimson, J. (1996). The New Jersey Unemployment Insurance Reemployment Demonstration Project: Six Year Follow-Up and Summary Report (Revised Edition) (UI Occasional Paper 96-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of the New Jersey Unemployment Reemployment Demonstration Project was to examine whether the Unemployment Insurance (UI) system could be used to identify displaced workers early in their unemployment spells and to provide them with alternative, early intervention services to accelerate their return to work. Three packages of services, were or treatments were tested in the demonstration: 1) job-search assistance (JSA) only; 2) JSA combined with training or relocation assistance; and, 3) JSA combined with a cash bonus for early reemployment. A key component of the demonstration was that eligible claimants were identified and services were provided through the coordinated efforts of the UI, Employment Service, and Job Training and Partnership Act systems. This evaluation found evidence demonstrating that each component of the treatments (i.e. JSA, training, reemployment bonus) generated jobs that were more stable than those jobs found by members of the control group. (Excerpted from Executive Summary)

Corson, W., Long, D., & Nicholson, W. (1985). Evaluation of the Charleston Claimant Placement and Worktest Demonstration 1984 (UI Occasional Paper 85-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective was to develop and test new operating procedures to improve the work test and job finding services for UI claimants. The evaluation showed a reduction in weeks of benefits collected of from one-half to three-quarters of a week and net savings of about \$50 per claimant for each of the three treatments tested. (Summary written by UI Staff)

Corson, W., Maynard, R., & Long, S. (1985). An Impact Evaluation of the Buffalo Dislocated Worker Demonstration Program. Princeton, NJ: Mathematica Policy Research, Inc.

Corson, W., Maynard, R., & Wichita, J. (1984). Process and Implementation Issues in the Design and Conduct of Programs to Aid the Re-employment of Dislocated Workers. Princeton, NJ: Mathematica Policy Research, Inc.

Crosslin, R. L., Hanna, J., & Stevens, D. W. (1984). Identification of Dislocated Workers Utilizing Unemployment Insurance Administrative Data: Results of a Five State Analysis. Washington, DC: U.S. Department of Labor and The National Commission for Employment Policy.

This was a report to the Congress on the feasibility of using unemployment insurance administrative data to determine whether or not persons filing claims for unemployment insurance benefits are structurally unemployed.

Crosslin, R. L., Hanna, J., & Stevens, D. W. (1983). Economic Dislocation: Toward a Practical Conceptual Approach. Reno: Nevada Employment Security Department.

Davidson, C., & Woodbury, S. A. (1995, Jan). Wage-Rate Subsidies for Dislocated Workers (Working paper 95-3). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

An array of innovative policies has been suggested to address more effectively the needs of dislocated workers. In this paper, we model and simulate the impacts of a wage-rate subsidy (or salary supplement) program in which a dislocated worker who becomes reemployed would receive a payment equal to one-half the difference between the wage previously earned and the wage currently earned. The simulations are based on a search model that is institutionally rich and that provides estimates of the impacts of a wage subsidy by incorporating empirical results from the reemployment bonus experiments that were conducted in the mid to late 1980s. The model includes several groups of workers other than dislocated workers and therefore provides estimates of the degree to which these other workers might be crowded out of jobs by the wage subsidy program.

Davis, S. J., Haltiwanger, J. C., & Schuh, S. (1995). Job Creation and Destruction. Washington, DC: U.S. Department of Commerce, Bureau of the Census, Center for Economic Studies.

Decker, P. T., & Corson, W. (1995, Jul). International Trade and Worker Displacement: Evaluation of the Trade Adjustment Assistance Program. Industrial & Labor Relations Review, 48(4), 758-774.

The Trade Adjustment Assistance (TAA) program offers unemployment compensation and reemployment adjustment services to workers who lose their jobs due to increased import competition. In 1981 and again in 1988, the program rules were changed to shift the emphasis from compensation to training. The pre-layoff characteristics and post-layoff labor market experience of two nationally representative samples of TAA program participants, one of which participated in the program just before the 1988 amendments and the other just after, are examined. It is found that the TAA program was well targeted during the time period studied: it served workers who were permanently displaced from their jobs and who experienced significant earnings losses due to their layoff. No evidence is found, however, that training had a substantial positive impact on earnings of TAA trainees, at least in the first three years after their initial unemployment insurance claim.

Dickinson, K. P., Kreutzer, S. D., & Decker, P. T. (1997). Evaluation of Workers Profiling and Reemployment Services Systems: Report to Congress. Washington, DC: U.S. Department of Labor, Employment and Training Administration, Office of Policy and Research.

Farber, H. S., Haltiwanger, J., & Abraham, K. G. (1997). The Changing Face of Job Loss in the United States, 1981-1995. Brookings Papers on Economic Activity, Microeconomics(1), 55-128.

How job loss varies across economic and demographic groups and over the business cycle is described. The earlier work using more recent data from the Displaced Workers Survey published by the Bureau of the Census is updated, and the reasons workers give for their job loss is the focus. Two key facts emerge from this new analysis. First, it is found that the overall rate of job loss has increased during the 1990s, despite the improving economy. Second, the relative rates of job loss for specific reasons have been changing. The main analyses compare three-year job-loss rates calculated from seven Displaced Workers Surveys. The rate of job loss varied from 10 to 13 percent during the

1980s but increased to 15 percent in the 1990s. Interesting differences are found in the reasons given for displacement. Most of the increase in displacement in the 1990s appears to be due to an increase in the number of workers listing "other" than traditional reasons for job loss. More educated workers also have experienced an increase in job loss because firms have abolished their positions in greater numbers.

Flaim, P. O., & Sehgal, E. (1985, Jun). Displaced Workers of 1979-83: How Well Have They Fared? Monthly Labor Review, 108(6), 3-16.

The economic recessions of 1980-1981 and 1982-1983 left a total of 11.5 million adult workers unemployed because of plant closings and employment cutbacks between January 1979 and January 1984. A US Department of Labor survey focused on 5.1 million of these workers who had worked at least three years on their jobs. These workers were primarily men of prime working age who had lost typical factory jobs and were heavily concentrated in the Midwest and other areas with heavy industry. About 3.5 million of the displaced workers studied collected unemployment insurance benefits after losing their jobs, and nearly half of these exhausted their benefits. Of the 5.1 million in the study, about 3.1 million were reemployed by January 1984, but often in different industries than those in which they had previously worked. About 1.3 million were looking for work, and the remaining 700,000 had left the labor force. Of the 3.1 million displaced workers who were reemployed, about half were earning as much or more in the jobs they held when surveyed than in the ones they had lost. However, many others had taken large pay cuts, often exceeding 20 percent.

Gorter, C., & Kalb, G. R. J. (1996, Summer). Estimating the Effect of Counseling and Monitoring the Unemployed Using a Job Search Model. The Journal of Human Resources, 31(3), 590-610.

This study examines the impact of the Counseling and Monitoring program for the unemployed with particular reference to their job finding rate, application intensity, and matching probability. The effectiveness of Counseling and Monitoring is measured by using a job search model in which the job finding rate is equal to the product of the application intensity and the matching probability. Counseling and Monitoring is an intensive job search assistance program designed to help unemployed people receiving unemployment benefits to find a job as quickly as possible. The empirical analysis is based on data from a social experiment. A sample of the inflow into unemployment was randomly assigned to a treatment and a control group. The empirical results, based on formal reduced-form models, show that Counseling and Monitoring does reduce the time taken to find a job because people participating in the program make more applications than those who are not participating, although no differences are found in matching probabilities.

Gray, D., & Grenier, G. (1998, Feb). Jobless Durations of Displaced Workers: A Comparison of Canada and the United States. Canadian Public Policy, 24(1), S152-S169.

This paper deals with one facet of the unemployment rate gap between Canada and the US that started in the early 1980s. Discrepancies in the search behavior and environment of displaced workers that give rise to a higher observed average jobless duration for Canadian workers are analyzed. A common hazard function is estimated from a data set that combines comparable information from the American and the Canadian Displaced Worker Surveys for 1986. A descriptive analysis of the characteristics and the distribution of jobless spells of displaced workers in the two countries reveals some relevant differences across countries. The results from the regression model are roughly similar for the two countries, with the exception of significant differences in the impact of a few variables, such as the cause of displacement (plant closure versus production cutback).

Hannah, J. & Turney, Z. (1990). UI Research Exchange: The Economic Impact of the Nevada Claimant Employment Program (UI Occasional Paper 90-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Nevada Claimant Employment Program (CEP) tested the idea that intensive services to unemployment insurance claimants are cost effective. The CEP program started on July 17, 1988 and concluded on June 30, 1989. The findings from this effort fully support the value of additional expenditures to accelerate the return to work. For the 1,300 claimants receiving intensive employment and unemployment insurance services, CEP reduced the

average number of weekly payments by 2.1 weeks. This resulted in savings to the Nevada UI trust fund of \$2.39 for every dollar spent. (Excerpted from Introduction)

Hipple, S. (1997, Dec). Worker Displacement in an Expanding Economy. Monthly Labor Review, 120(12), 26-39.

Following the 1990-1991 recession, labor market conditions were unusually sluggish compared to earlier recoveries. However, as economic activity accelerated in 1993, and especially in 1994, the job market improved, with the result that both the level and risk of job displacement fell during the mid-1990s. The recent experience of job loss and reemployment is examined, using data from the Bureau of Labor Statistics' surveys of displaced workers. For the analysis, two years of data from each of the displaced worker surveys were used to construct a time series that begins with the 1981-1982 period and ends with the 1993-1994 period. The analysis focuses on workers who lost jobs they had held for at least three years, under the assumption that these long-tenured workers have developed a more-than-marginal attachment to their jobs.

Hollenbeck, K. (1990, May). Dislocated Worker Human Capital Depreciation and Recovery (Working Paper No. 90-04). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Previous studies estimated the "human capital depreciation" of women reentering the work force after voluntary, lengthy interruptions. Those studies found reduced real wages and that the decrease is positively related to the length of the interruption. Upon reentry, however, real wages grow rapidly as human capital is restored. This paper develops a model of the wage histories of dislocated workers. Similar to labor force reentrants, those dislocated workers who become reemployed would experience wages below their final wage prior to dislocation and the decrease should be associated with the length of dislocation. However, the model suggests that since the career disruptions are involuntary and since occupational shifts generally occur, recovery will neither be rapid nor complete.

Howland, M. (1988). Plant Closings and Worker Displacement: The Regional Issues. Kalamazoo, MI: The W.E. Upjohn Institute for Employment Research.

Examines the relationship between regional employment shifts and plant closures and describes the implications of that relationship for displaced worker study. Her findings support an argument against industrial policy as a means of slowing the pace of worker dislocation as well as against concessions in wages, utility bills, and taxes as strategies for retaining local jobs. Presents several policy options for both national policy makers and local economic development officials, and argues for increased federal support for local takeovers of closing branch plants and subsidiaries and for financial and adjustment assistance for displaced workers.

Jacobson, L. (1995). The Effectiveness of the U.S. Employment Service. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. V1-V53). Washington, DC: Advisory Council on Unemployment Compensation.

This paper describes the role of the Employment Service (ES), develops a framework for evaluating how effective the ES is in meeting its objectives, presents relevant evidence on ES effectiveness from existing evaluations, and discusses what additional information is needed to assess and improve the ES's performance. By Examining ES as an institution and reviewing its core services, this report sheds light on the program's performance. However, there are still gaps in ES research and these areas are highlighted by the author. (Summary written by UI Staff)

Jacobson, L. (1991, Feb). Congressional Testimony on the Effectiveness of the Employment Service in Aiding UI Claimants (Working paper 91-08). Kalamazoo, MI: W.E. Upjohn for Employment Research.

This testimony describes the results of a study of the Employment Service (ES) conducted by Dr. Jacobson and Prof. Arnold Katz of the University of Pittsburgh using data on over 100,000 individuals who registered with the Pennsylvania ES between 1978 and 1987, and an even larger sample of nonregistrants.

Jacobson, L., LaLonde, R. J., & Sullivan, D. G. (1992, Feb). Earnings Losses of Displaced Workers (Working paper 92-11). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

The 1990-1991 recession has intensified concerns about the consequences of workers' job losses. To estimate the magnitude and temporal pattern of displaced workers' earnings losses, we exploit an unusual administrative data set that includes both employees' quarterly earnings histories and information about their firms. We find that when high-tenure workers separate from distressed firms their long-term losses average 25 percent per year. Further, their losses mount even prior to separation, are not limited to workers in a few industrial sectors, and are substantial even for those who find new jobs in similar firms. This evidence suggests that displaced workers' earnings losses result largely from the loss of some unidentified attribute of the employment relationship.

Johnson, E. R. (Ed.). (1990). Reemployment Services to Unemployed Workers Having Difficulty Becoming Reemployed (UI Occasional Paper 90-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This publication compiles information about State programs that utilize the Unemployment Insurance System to provide reemployment services or benefits to unemployed workers having difficulty becoming reemployed. Projects submitted by the States are divided into six categories based on the nature and scope of the project and the primary policy responses considered by State agencies for unemployed workers' problems. (Excerpted from Introduction)

Kulik, J. (1995). The U.S. Employment Service: A Review of Evidence Concerning Its Operations and Effectiveness. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. U1-U62). Washington, DC: Advisory Council on Unemployment Compensation.

This paper describes the role of the Employment Service (ES), develops a framework for evaluating how effective the ES is in meeting its objectives, presents relevant evidence on ES effectiveness from existing evaluations, and discusses what additional information is needed to assess and improve the ES's performance. The central feature of the ES is that it has a virtually unlimited clientele, but a severely limited budget. As a result the ES only spends about \$80 per registrant. The unreasonable expectations for the ES's performance, relative to its resources, largely explain why, inside the beltway, the ES is often regarded as ineffective. A second feature, also unpopular with policy-makers, is its central function of matching workers to jobs. The ES is not seen as having the capacity to substantially raise individual's earnings. Available evidence, however, suggests that what is learned by working, even at low-paying jobs, is at least as effective in boosting long-term earnings as learning in a classroom setting. (Summary written by UI Staff)

Lall, B. G. (1985). Economic Dislocation and Job Loss. New York: Rose Printing Company.

Manheimer, H., Robinson J., Harvey, N., Sheehan, W., & Skrable, B. (1986). Alternative Uses of Unemployment Insurance (UI Occasional Paper 86-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The existing U.S. and foreign experience reviewed in the report, extensive as it is, does not identify any particular government action to assist structurally unemployed workers that assures favorable results. Moreover, it offers only limited guidance on the potential impacts of any of the alternatives on unemployment insurance trust fund solvency. (Summary written by UI Staff)

Martin, P. L. (1983). Labor Displacement & Public Policy. Washington, DC: Lexington Books.

McLennan, K. (1983, Summer). Unemployment Insurance: To Help Dislocated Workers. The Journal of the Institute for Socioeconomic Studies, 8(2), 59-73.

Federal and state unemployment insurance (UI) has been extended to cover almost all workers, and many state UI trust funds today are in a poor financial position. The well-intentioned expansion of the program has been accompanied by policy changes incompatible with its original goals. Major reform of the system is badly needed. The UI system must be changed so that it can assist workers to adjust to economic change as well as help those

workers facing the greatest hardship from unemployment. Needed reforms include: (1) strengthening the relationship between the firm's unemployment experience and the UI tax it pays; (2) requiring that all states have a waiting period of at least ten days; (3) paying UI benefits only after a worker completes a job-search seminar; (4) taxing all UI benefits to reduce disincentives to work; (5) facilitating reemployment of dislocated workers; and, (6) modifying the UI system to assist permanently displaced experienced workers. A more efficient UI system must be designed to reduce overpayments and work disincentives while allocating more resources to those who really need reemployment assistance.

Meager, N., & Metcalf, H. (1988). Employers' Recruitment Practices and the Long-Term Unemployed. Personnel Review, 17(5), 12.

A study of recruitment behavior in relation to the long-term unemployed (LTU) was conducted. A postal survey of 830 employers in four labor markets yielded 456 usable responses. The quantitative information of the survey was supplemented with qualitative information on processes, attitudes, and other factors from 31 interview-based case studies. Results suggest that the LTU are recruited more readily by large companies and by firms in high unemployment areas. When unemployment was higher, organizations did not appear to use past employment history as an opportunity to exercise more stringent selection criteria. The LTU were most likely to face rejection at a preinterview stage. Factors influencing employers' beliefs and attitudes about the LTU include: (1) personal contact with the LTU; (2) previous LTU recruitment; and, (3) the experience of redundancies in the company or in similar local industries.

Meyer, B. D. (1995, Mar). Lessons From the U.S. Unemployment Insurance Experiments. Journal of Economic Literature, 33(1), 91.

Recently, there has been extensive evaluation of unemployment insurance (UI) reforms in the U.S. The proposed reforms generally have sought to improve the reemployment prospects of UI claimants and reduce the budgetary costs of UI. An explanation is provided of what can be learned about the labor market and UI policy from recent UI experiments. Bonus experiments show that economic incentives do affect the speed with which people leave the unemployment insurance rolls. Unemployment Insurance is not a completely benign transfer; it affects claimants' behavior. This is shown by the declines in weeks of UI receipt found for all of the bonus treatments, several of which are statistically significant. The experiments also tend to show that speeding claimants' return to work does not decrease total or quarterly earnings following the claim, but the evidence is less strong because the estimates are imprecise. Job search experiments test several alternative reforms which appear more promising. Unfortunately, the experiments make it difficult to determine which treatments are likely to be the most successful.

New Jersey Department of Labor, Division of Planning and Research, Office of Program Research. (1987, Oct). Evaluation of the Perceivable Demand List Pilot Project: Report and Follow-Up Questionnaire for Unemployment Benefits. Trenton: Author.

The Perceivable Demand List Pilot Project was designed to provide reemployment assistance and strengthen unemployment insurance (UI) eligibility review for claimants whose occupations were in demand in the local labor market. The principle conclusion of the study is that a program combining reemployment assistance, increased work search requirements and strengthened eligibility review for UI claimants whose occupations are in demand in the local area, can significantly reduce the duration of UI benefits for this group.

O'Leary, C. J., Decker, P., & Wandner, S. A. (1997, Nov). Reemployment Bonuses And Profiling (Working paper 98-51). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Earlier research has indicated that an untargeted reemployment bonus program would not be good public policy. In this paper, profiling models similar to those in state Worker Profiling and Reemployment Services systems are used to reexamine evidence from reemployment bonus experiments. The targeting of offers to the unemployment insurance (UI) claimants identified as most likely to exhaust benefits is estimated to increase cost effectiveness. However, estimated average benefit payments do not steadily decline as the eligibility screen is gradually tightened. Furthermore, targeting does not guarantee that bonus offers will be cost effective. The best candidate to emerge for

a targeted reemployment bonus is a low bonus amount, with a long qualification period, targeted to the half of profiled claimants most likely to exhaust their UI benefit entitlement.

Organization for Economic Cooperation and Development, Manpower Measures Evaluation Programme Manpower and Social Affairs Committee. (1984). Measures to Assist Workers Displaced by Structural Change: Report by Evaluation Panel No. 1. Paris, FR: Author.

Sheingold, S. (1982, Jul). Dislocated Workers: Issues and Federal Options. Washington, DC: Congressional Budget Office.

Thomas, J. M. (1997, Jul). Public Employment Agencies and Unemployment Spells: Reconciling the Experimental and Nonexperimental Evidence. Industrial & Labor Relations Review, 50(4), 667-683.

Econometric evidence strongly suggests that unemployed job-seekers who use the services of a Public Employment Agency (PEA) have longer unemployment spells than those choosing alternative search methods. Yet, in some well-designed US experiments, increased use of PEA services has been associated with faster transitions into jobs. It is argued that the nonexperimental studies may be biased toward finding a positive relationship between unemployment spell duration and PEA use because they ignore the possibility that PEAs are chosen by many job seekers only after other search methods have been tried unsuccessfully and a period of unemployment has elapsed. An analysis of UK survey data with information on the timing of PEA use in 1987-1988 supports the hypothesis.

U.S. Congressional Budget Office. (1993, Feb). Displaced Workers: Trends in the 1980s and Implications for the Future. Washington, DC: Author.

U.S. Department of Labor, Bureau of Labor Statistics. (1994, Sep). Worker Displacement during the Early 1990s. Washington, DC: Author.

U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service. (1994). The Worker Profiling and Reemployment Service System: Legislation, Implementation Process and Research Findings (UI Occasional Paper 94-4). Washington, DC: Author.

Results from the New Jersey UI Reemployment Demonstration Project States showed that the combination of early identification of dislocated workers plus intensive job search assistance can be effective in speeding the reemployment of dislocated workers if participation is required. This combination also resulted in substantial cost savings to the Federal Government, as compared to a control group. Several pilot projects conducted in other States have shown similar positive results. (Excerpted from Introduction)

U.S. General Accounting Office. (1987, Jun). Plant Closings Limited Advance Notice and Assistance Provided Dislocated Workers: Report to Congressional Committees. Washington, DC: Author.

Wandner, S. A. (Ed.). (1986). Measuring Structural Unemployment (UI Occasional Paper 86-6). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This publication presents four papers and comments that were delivered at a session of the annual meeting of the Western Economic Association on July 4, 1986, in San Francisco. The papers reflect the interest of the U.S. Department of Labor, state governments, and private researchers on the issue of structural unemployment in the U.S. economy today. Included papers: (1) The Displaced Workers' Problem as Seen through a Special Survey by Paul O. Flaim; (2) The Permanence of Dislocation: 1979-83 by Robert L. Crosslin, James S. Hanna and David W. Stevens; (3) The Identification of Dislocated workers Actual Practice and Recommendations for Improved Procedures by James S. Hanna; and, (4) The New Jersey Unemployment Insurance reemployment Demonstration Project: Identifying the Population to be Served by Stephen A. Wandner and Jon C. Messenger. Comments provided by Louis Jacobson and Stephen A. Baldwin. (Summary written by UI Staff)

Economic Stabilization

Blank, R. M., Card, D. E., Levy, F., & Medoff, J. L. (1993). Poverty, Income Distribution, and Growth: Are They Still Connected? Brookings Papers on Economic Activity, (2), 285.

A reduced-form analysis of the effects of unemployment on the income distribution shows that each percentage point increase in unemployment is associated with a 1.4 percent decline in average family income. Contrary to prior research, however, the analysis finds that these income losses are uniformly spread across the income distribution. Cyclical increases in unemployment lead to greater increases in unemployment among poorer families. However, cyclical changes in employment were more evenly distributed across the income distribution. This means that the percentage income losses attributable to unemployment are almost equally distributed across families. The analysis also finds that growth of median income has generally been associated with a modest narrowing of the family income distribution. Levy comments that the analysis could be improved by looking at the role of poverty concentration. Medoff's comments focus on the downward trend in the availability of jobs for those who need them to avoid poverty.

Craig, S. G., & Palumbo, M. G. (1995). The Interaction Between Unemployment Insurance and Income Redistribution Programs. In Advisory Council on Unemployment Compensations: Background Papers, Volume I (p. C1-C51). Washington, DC: Advisory Council on Unemployment Compensations.

This report empirically investigates relationships between Unemployment Insurance (UI) and welfare. Programmatic variation is compared using a unique database covering 48 states from 1969 to 1989. Raw data, state specific elements from a panel regression, and a simultaneous model provide evidence on UI and welfare program interaction. Variation in UI benefits is found to be much smaller than for UI reciprocity or welfare outcomes. The simultaneous model finds cash assistance from Aid to Families with Dependent Children substitutes for UI, while states with large UI programs are found to operate large welfare programs overall. Elderly, poor, and families headed by females are associated with larger welfare and lower UI programs.

Denzau, A., Oaxaca, R., & Taylor, C. (1979). The Impact of Unemployment Insurance Benefits on Local Economies--Tucson (UI Occasional Paper 79-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents estimates of the effects of the UI system in Arizona on the local economy of the Tucson, Arizona SMSA (Pima County). Among the estimated effects of UI benefits are those on local sales, employment, unemployment, labor force, unemployment rate, sales tax revenues, population and disposable personal income. These effects were estimated using computer simulations of the Pima County quarterly forecasting model. (Excerpted from Introduction)

Dungan, D. P., & Murphy, S. (1995). The UI System as an Automatic Stabilizer in Canada. Human Resources Development Canada.

Gruber, J. (1997, Mar). The Consumption Smoothing Benefits of Unemployment Insurance. The American Economic Review, 87 (1), 192-205.

The benefits of unemployment insurance are assessed by measuring the effect of the program on consumption smoothing during periods of joblessness in the U.S.

Hairault, J.-O., & Henin, P.-Y. (1997). Business Cycles and Macroeconomic Stability: Should We Rebuild Built-in Stabilizers? Boston, MA: Kluwer Academic Publishers.

Halpin, T. C. (1980). Employment Stabilization. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 415-424). Washington, DC: The National Commission on Unemployment Compensation.

Estimates the effect of "effectiveness of the maximum tax rate" on the layoff unemployment rate in the state. Uses data from the 1976 Survey of Income and Education.

Hansen, G. D., & Imrohoroglu, A. (1992, Feb). The Role of Unemployment Insurance in an Economy with Liquidity Constraints and Moral Hazard. Journal of Political Economy, 100(1), 118-142.

Loungani, P., & Trehan, B. (1997). Explaining Unemployment: Sectoral vs. Aggregate Shocks. Economic Review - Federal Reserve Bank of San Francisco, (1), 3-15.

Sectoral shifts, as measured by the stock market index, explain a significant proportion of the variation in the unemployment rate. To assess the quantitative role played by sectoral shifts, it is useful to compare the contribution of the dispersion index to that of the federal funds rate, which is the leading alternate source of unemployment fluctuations considered. Dispersion is roughly as important as the funds rate in accounting for fluctuations in the unemployment rate over the medium term, although at longer horizons, the funds rate is much more important. The dispersion index is considerably more important when explaining movements in long-duration unemployment: except at the very short horizons, the dispersion index accounts for a larger percentage of the forecast error variance than the funds rate. Recessions are not all alike. Sectoral shifts appear to account for the 1973-1975 recession. Monetary policy appears to have been the key player in the 1982 recession.

McGibany, J. M. (1983). An Econometric Analysis of the Stabilization Effectiveness of the Unemployment Insurance Program. East Lansing: Michigan State University, Department of Economics.

Estimates the stabilization effectiveness of the unemployment insurance program on the macroeconomy.

Oaxaca, R. L. & Taylor, C. A. (1983). The Effects of Aggregate Unemployment Insurance Benefits in the U. S. on the Operation of a Local Economy (UI Occasional Paper 83-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study analyzes the effects of unemployment insurance (UI) benefit payments on local economies. The studies were conducted by researchers at the University of Arizona in Tucson. (Summary written by UI Staff)

Shin, K. (1997, Feb-1997, Mar). Sectoral Shocks and Movement Costs: Effects on Employment and Welfare. Journal of Economic Dynamics & Control, 21(2,3), 449-471.

A general equilibrium model of a two-sector economy which accounts for low employment due to the incomplete responses of workers to sectoral shocks is outlined. This model is used to reconcile the seemingly contradictory results of macro and micro evidence; namely that sectoral shocks explain fluctuations of employment even though cyclical movements of labor across sectors is not observed. It is found that increasing the frequency of sectoral shocks, holding the magnitude of the shocks fixed, decreases the total employment. This explains why the unemployment rate has risen since 1970, a period characterized by an increased frequency of sectoral shocks. The theoretical implications of two opposite policies are also examined: one which subsidizes mobility and the other which eliminates the partial insurance provided in the model. The former increases employment and welfare while the latter increases employment but reduces welfare.

Slater, C., Levine, D., & Kraseman, T. (1984). Distribution of the Income Loss Occasioned by Recession: A National Framework. Washington, DC: CEC Associates.

Uses a national income accounting framework, simulation methodology and the Census Bureau's March 1983 Current Population Survey data to estimate losses of income to employed and unemployed workers and businesses caused by the recession. Includes a section on the replacement effects of unemployment insurance on earnings.

Tannenwald, R., & O'Leary, C. J. (1997). Unemployment Insurance Policy in New England: Background and Issues. New England Economic Review, 3-22.

Almost two-thirds of the states, and all the New England states except New Hampshire, have exhausted their unemployment insurance trust fund and borrowed from the Federal government at least once in the past 35 years. Under such circumstances, states are required by law to raise unemployment insurance taxes to replenish their trust funds and pay off their debts to the federal government. Background information and analysis are provided to clarify issues underlying the unemployment insurance policies of New England, in general, and a tax reduction under consideration in Massachusetts, in particular. The main point is that alternative unemployment insurance policies should not be judged solely by the yardsticks of economic competitiveness and trust fund adequacy. Allocative neutrality and economic stabilization are also relevant concerns.

Eligibility

Anderson, P. M. (1997). Continuing Eligibility: Current Labor Market Attachment. In Christopher J. O'Leary, & Stephen A. Wandner (Eds.) Unemployment Insurance in the United States: Analysis of Policy Issues (pp. 125-161). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Baker, M., & Rea, S. A. Jr. (1998, Feb). Employment Spells and Unemployment Insurance Eligibility Requirements. The Review of Economics and Statistics, 80(1), 80-94.

Whether the requirements that workers must satisfy to qualify for unemployment insurance (UI) benefits in any succeeding period of joblessness affect the duration of employment spells is examined. This behavioral consequence of a UI system has been neglected in empirical research, which has instead focused on the effects of UI parameters on the actions of the unemployed. The effect is identified by a unique change in the eligibility requirements of the Canadian UI system in 1990, which increased the weeks of employment required to establish UI eligibility. A variety of estimates of this behavioral effect is provided. In the preferred set of results, a significant increase is found in the employment hazard in the week that an individual satisfies the eligibility requirement in many regions of the country.

Balducchi, D. E. & Zajac, W. D. (1989). UI Research Exchange: Developing Expert System Technology in an Unemployment Insurance Operating Environment (UI Occasional Paper 89-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Two UI experiments relying on a form of artificial intelligence are the subject of this paper. These experiments were designed to test the use of expert systems to assist UI claims adjudicators in determining worker eligibility. Expert system technology is a branch of artificial intelligence which captures human reasoning in a computer. (Excerpted from Introduction)

Burgess, P. L. & Low, S. A. (1993). Unemployment Insurance and Employer Layoffs (UI Occasional Paper 93-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The major contribution of this study is to construct and analyze what is believed to be the first data set with detailed information for matched firm-worker records. It contains information for 84,000 workers employed by 611 Illinois unemployment insurance covered employers as of 1987. Extraordinary efforts by the Illinois Department of Employment Security were required to search millions of firm and worker records to create this unique data set. The resulting data allowed the analysis of several important issues, particularly several aspects of firm layoff behavior, never before investigated. (Summary written by UI Staff)

Colosi, M. L. (1988). Do Employees Have the Right to Smoke? Personnel Journal, 67(4), 72, 74-79.

Employees who are fired for refusal to quit smoking despite a corporate ban may be ineligible for state unemployment compensation, depending on the state and the specifics of the individual cases.

Corson, W., Hershey, A., & Kerachsky, S. (1986). Nonmonetary Eligibility in State Unemployment Insurance Programs Law and Practice. Kalamazoo, MI: The W. E. Upjohn Institute for Employment Research.

Corson, W., Hershey, A., Kerachsky, S., Rynder, P., & Wichita, J. (1984). Application of the Unemployment Insurance System Work Test and Nonmonetary Eligibility Standards (UI Occasional Paper 85-3). Princeton, NJ: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study investigates the influences of state laws, regulations, and procedures on nonmonetary eligibility. The objective is to identify practices that are particularly effective in detecting ineligible claimants, given the variation in the definitions of ineligibility. To the extent that we succeed in establishing these "best practices", agencies may be able to meet their procedures more effectively and possibly modify them to meet their own objectives. More specifically, the patterns observed in the analysis may suggest how certain practices can help state agencies (1) minimize the extent to which claimants violate nonmonetary eligibility rules, and (2) maximize the ability of agencies to detect violations when they occur and to reduce or deny benefits accordingly.

de Silva, L., Mittal, S., Raptis, P., Houge, R., Klein, E., & Vroman, W. (1997, Oct). Implementing ABP: Impact on State Agencies, Employers, and the Trust Fund (UI Occasional Paper 98-4). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study focused on examining the experiences of six states that provide the alternative base period option for claimants who don't qualify for unemployment insurance benefits under the regular base period, four contiguous calendar quarters. The objectives of the study were: (1) estimate the impact of alternative base period provisions on costs of state unemployment insurance (UI) programs; (2) assess the impact of alternative base periods on employers; (3) examine the effects of the alternative base period on state UI financing and trust fund solvency; (4) analyze the demographic and labor-force characteristics of potential recipients; and, (5) provide guidance to states on how to efficiently implement an alternative base period option. The principle finding of the study was that the costs of implementing an alternative base period program are not significant when compared to the benefits offered to a wider range of claimants. The costs to the UI agency, trust fund, and employers do not pose a significant obstacle to implementing the alternative base period option. (Excerpted from Introduction)

Felder, H. (1979). A Statistical Evaluation of the Impact of Disqualification Provisions of State Unemployment Insurance Laws (UI Occasional Paper 79-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study was undertaken to increase our knowledge of the impact the disqualification provisions of state unemployment insurance (UI) laws on the period of unemployment of the disqualified and the UI beneficiaries. A randomly drawn sample of beneficiaries and disqualified claimants from five states was used to compare the characteristics of beneficiaries and disqualified, and to evaluate the relationship between the disqualification provisions imposed by different states and the duration of unemployment. (Excerpted from Introduction)

Goss, T. M. (1980). Disqualification for Unemployment Compensation in the District of Columbia. Catholic University Law Review, 29(4), 1055-1073.

Gustafson, C. K., & Levine, P. B. (1998, Mar). Less-Skilled Workers, Welfare Reform, and the Unemployment Insurance System (Working paper no. W6489). Cambridge, MA: National Bureau of Economic Research.

The declining economic position over the past two decades of those workers with less skill increases the importance of the unemployment insurance (UI) system in providing a safety net during periods of unemployment. Recent welfare reform legislation, designed to encourage labor market entry of typically very low-skilled workers who are likely to have unstable work patterns at best, potentially makes the UI system an even more critical component of the safety net. This paper seeks to determine how less-skilled workers typically fare in the UI system, estimating their likelihood of becoming eligible for and collecting benefits. We find that many workers who separate from a job, and particularly those with lower levels of skill, will not be compensated by the UI system. Although minimum earnings requirements keep some less-skilled job losers from receiving UI, it is the provision mandating that separations be involuntary that prevents most workers from gaining UI eligibility. These findings suggest that the UI system will provide little additional support to the safety net following welfare reform.

Hopwood, G. L. (1990). Kansas Nonmonetary Expert Systems Prototype (UI Occasional Paper 90-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Mallar, C. D., & Thornton, C. V. D. (1980). Unemployment Insurance and Ex-Offenders. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 755-758). Washington, DC: National Commission on Unemployment Compensation.

Estimates the magnitude of unemployment insurance entitlement lost while prisoners are incarcerated and out of the labor market. (Summary written by UI Staff)

Munts, R. C. (1980). Previous Work Requirements and the Duration of Benefits. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 3-8). Washington, DC: The National Commission on Unemployment Compensation.

Focuses on why there are wide variations in state unemployment insurance qualifying requirements and discusses the strengths and weaknesses of the different types.

Murphy, B. S., Barlow, W. E., & Hatch, D. D. (1986). Unemployment Insurance Determinations Can Be Critical. Personnel Journal, 65(4), 26.

Nagy, T. J., DiSciullo, J. Jr., & Crosslin, R. (1983). UI Research Exchange: Reducing Costs and Improving Services in Unemployment Insurance Nonmonetary Determinations Using Expert Systems (UI Occasional Paper 83-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The cost of making nonmonetary determinations can be reduced by several million dollars per year and service can be improved by using the Expert System. Cost saving features include: (1) ability to explain, justify and document the determinations; (2) ability to tailor questions to the individual claimant to maximize efficiency and accuracy; (3) ability to document the fact-finding process; (4) ability to customize the computer-generated determination to each case; (5) ability to learn quickly and easily; and, (5) ability to rapidly construct and modify the system as necessary. (Summary written by UI Staff)

Pleatsikas, C., Bailis, L., & Dernburg, J. (1978). A Study of Measures of Substantial Attachment to the Labor Force, Volumes I and II (UI Occasional Paper 78-3). Urban Systems Research and Engineering, Inc.

Ragan, J. F. Jr. (1984, Jul). The Voluntary Leaver Provisions of Unemployment Insurance and Their Effect on Quit and Unemployment Rates. Southern Economic Journal, 51(1), 135-146.

The unemployment insurance (UI) system is designed to provide temporary income to workers "substantially attached" to the workforce. Because requirements for nonmonetary eligibility are set by individual states, substantial variations have developed across states. In recent years, the states have tended to tighten nonmonetary eligibility standards. This study focuses on how specific UI policies on voluntary leaving influence quit behavior and unemployment. Data were obtained for the years 1972, 1974, 1978, and 1980, and estimated on two equations. Results showed that a state's unemployment rate was lowered by: (1) disqualifying voluntary leavers for the duration of their unemployment, (2) reducing benefit rights for voluntary leavers, (3) charging employers for quits of their workers, and (4) reducing maximum UI benefits. Although the voluntary leaver provisions of UI influence unemployment rates, there is no evidence of an impact on quit rates.

Scott, B. (1984, May-1984, Aug). Unemployment Insurance: Who Benefits? The Mechanics of Unemployment Insurance (Canada). Perception, 7, 25-26.

Solon, G. (1984). The Effects of Unemployment Insurance Eligibility Rules on Job Behavior. Journal of Human Resources, 19(1), 118-126.

Investigates whether the numerous recent changes in state disqualification rules have actually had any discernible impact on quit rates in manufacturing industries. Uses data from the Bureau of Labor Statistics.

St. Louis, R. D., Burgess, P. L., & Kingston, J. L. (1986, Winter). Reported vs. Actual Job Search by Unemployment Insurance Claimants. The Journal of Human Resources, 21(1), 92.

In most states, receipt of unemployment insurance (UI) benefits is conditional upon recipients being active job searchers. In the present study, UI recipients' reports of job search contacts were compared with their actual job search contacts as verified through in-person visits to reported contacts. For the weeks analyzed, recipients averaged 2.61 self-reported job contacts. However, actual job contacts averaged only 1.78 per week, and almost 20 percent of recipients made no job contacts at all. These results suggest that overreporting of job search in order to maintain UI benefits may lead to longer duration of unemployment and inflation of unemployment rates. In addition, the results contradict the traditional assumption that UI supports job search.

Vroman, Wayne. (1998, Jan). Labor Market Changes and Unemployment Insurance Benefit Availability (UI Occasional Paper 98-3). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report examines the evolution of benefit availability in unemployment insurance (UI) programs. The focus is the regular UI, the program that pays up to 26 weeks of benefits to eligible individuals. A major objective of the report is to document changes in the U.S. labor market that may have adversely affected access to UI benefits.

Findings included: (1) the decrease in reciprocity is not an inexorable phenomenon; (2) the changing distribution of the labor force across geographic areas has contributed to the long-term decline in UI reciprocity; (3) policy initiatives can raise reciprocity; (4) rebuilding trust funds following the recession of 1990-1992 has been slow; (5) the UI program is now less important as an automatic economic stabilizer than it was twenty years ago; and, (6) understanding of several important issues and questions related to UI benefit reciprocity is incomplete. (Excerpted from Introduction)

Exhaustees

Burgess, P. L. & Kingston, J. L. (1979). Labor Market Experiences of Unemployment Insurance Exhaustees (UI Occasional Paper 79-3). U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this report is to present the findings of an empirical analysis of the labor market experiences of a sample of unemployment insurance (UI) claimants who exhausted their entitlement to UI benefits. This investigation is part of a larger study of the adequacy of weekly UI benefit payments. (Excerpted from Introduction)

Corson, W. & Dynarski, M. (1990). A Study of Unemployment Insurance Recipients and Exhaustees: Findings from a National Survey (UI Occasional Paper 90-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this study is to examine the characteristics and behavior of unemployment insurance exhaustees and nonexhaustees, and to explore the implications of this information for policy formation. (Summary written by UI Staff)

Nicholson, W. (1981, Winter). A Statistical Model of Exhaustion of Unemployment Insurance Benefits. The Journal of Human Resources, 16(1), 117-128.

About one quarter of all persons who receive an initial unemployment insurance (UI) payment collect benefits for the entire period of their entitlement, usually 20-26 weeks. These people are said to have "exhausted" their UI benefits and must usually reestablish eligibility before they can collect additional weeks of benefits. Even though exhaustion rates average about 25 percent, they are significantly affected by labor market conditions. A model was developed of the exhaustion of UI benefits. The model is estimated from pooled quarterly data from 50 states over the period 1965-74. The model provides predictions of the exhaustion rate that may be useful for policy planning, as well as permitting a number of more general issues to be addressed, such as the adequacy of current extended benefits legislation, the effects that state laws and administrative procedures have on exhaustion rates, and the possible disincentive effects of UI benefits.

Nicholson, W. & Corson, W. (1978). The Effect of State Laws and Economic Factors on Exhaustion Rates for Regular Unemployment Benefits: A Statistical Model (UI Occasional Paper 78-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents a statistical model of the effects of state laws and economic factors on exhaustion rates for regular unemployment insurance (UI) benefits. The model was estimated from quarterly pooled time-series, cross-sectional data for all states over the period 1965 to 1974. Results from the model were used to analyze various UI policy issues and to construct a simulation model that permitted a detailed examination of UI policies over the business cycle. (Excerpted from Introduction)

Sperber, C. A. (1979). An Evaluation of Current and Alternative Methods of Determining Exhaustion Ratios (UI Occasional Paper 79-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objectives of this study are to evaluate current and alternative methods of determining exhaustion ratios under the regular unemployment insurance program and to develop methods for determining these ratios for the extended and emergency benefit programs. (Excerpted from Introduction)

Extended Benefits

Burtless, G. (1983). Why is Insured Unemployment So Low? Brookings Papers on Economic Activity, 225-254.

A detailed analysis of the shift in the long run relationship between the insured unemployment rate, used to trigger extended benefits and the total unemployment rate.

Cook, R. F., Brinsko, A., & Tan, A. G. (1995). Proposals for Extended Benefits. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. B1-B61). Washington, DC: Advisory Council on Unemployment Compensation.

Since 1989, nearly 40 bills have been introduced in Congress to provide benefits for Unemployment Insurance (UI) recipients who have exhausted their regular UI benefits. Thirty-five major bills were reviewed for this paper. This paper discusses the various policy options proposed in the bills reviewed, specifically the triggers used to activate programs, the durations of benefits received, the financing mechanisms used, and any changes made in eligibility requirements. (Summary written by UI Staff)

Cooke, W. N. (1981, Apr). The Behavior of Unemployment Insurance Recipients Under Adverse Market Conditions. Industrial & Labor Relations Review, 34(3), 386-395.

The role of unemployment insurance (UI) on job search behavior, particularly when market conditions are severe, is studied by examining the effect on job search behavior of changes in UI provisions and in labor market conditions. There are good arguments for assuming, on the one hand, that more generous benefits prolong job search and, on the other hand, that an increase in the rate of unemployment causes recipients to reduce reservation wages and, therefore, shorten their job search. The evidence from two samples of recipients in Maine during the period 1974-76, when a significant increase occurred in both the rate of unemployment and the maximum weeks of potential receipt of UI, suggests that the impact of increased unemployment offsets the effect of increased benefits. Extended benefit programs during periods of high unemployment do not cause recipients to ignore the realities of the market.

Corson, W. & Nicholson, W. (1984). An Analysis of the 1981-82 Changes in the Extended Benefit Program (UI Occasional Paper 85-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

A detailed analysis of the changes in the triggering, qualifying and eligibility provisions of the Extended Benefits program.

Corson, Walter & Rangarajan, A. (1994). Extended Benefit Triggers (UI Occasional Paper 94-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report responds to a request from congress to the Department of Labor to examine the implications of using alternative insured unemployment rate (IUR) and total unemployment rate (TUR) based triggers for extended unemployment insurance (UI) benefits. This examination includes alternative trigger rates and trigger definitions that, in many cases, include a "threshold" requirement -- that is a requirement that the current IUR or TUR exceed 110 to 120 percent of the average rate in the corresponding period during the previous two years. This examination of alternative triggers also considers the degree which alterative triggers and trigger rates would have provided extended benefits coverage to the UI population during the past decade, and how this extended benefits coverage would have been distributed by labor market, stage of the business cycle, calendar quarter, and region of the country.

Cottle, R. L. (1980, Fall). Unemployment: A Labor Market Perspective. Journal of Labor Research, 1(2), 231-244.

If unemployment is treated as a labor market, where workers rationally select periods of joblessness and where special interest groups profit from unemployment, it is possible to develop a theoretically consistent model which explains the effects that policy and economic variables have on unemployment. To evaluate the market for unemployment, a two-stage least squares technique was used to estimate simultaneously the coefficients of both the demand for and the supply of unemployment. The results support earlier claims that unemployment insurance (UI) creates economic incentives to become unemployed, and they show the significance of viewing both sides of the market. The model reveals that the demand for unemployment is: (1) adversely affected by the level of compensation, (2) positively influenced by liberalizing payment legislation, and (3) increases with the cost of the Extended Benefit Program. Unemployment is not really a social problem; it is a private market response to political and economic incentives residing within the Federal-state UI system.

Czajka, J. L., Long, S. L., & Nicholson, W. (1989). An Evaluation of the Feasibility of a Substate Area Extended Benefit Program (UI Occasional Paper 89-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this report is to assess the feasibility of developing and operating a program of extended Unemployment Insurance (UI) benefits at the substate level. It is estimated that the operation of a substate program with a monthly, Local Area Unemployment Statistic-based total unemployment rate trigger, substate areas defined as Metropolitan Statistical Area and balance of state areas, and eligibility by place of residence would have added about \$141.6 million (in FY 1990 program dollars) to the cost of administering the extended benefit (EB) program over the six year period from 1981 to 1986. The implementation costs that would be incurred before any benefits could be paid are substantial. It is estimated that these implementation costs at \$203.4 million, or \$23.9 million annually if amortized over a 20 year period. Based on these estimates, the "price" for each additional EB first payment under a substate EB program during the 1981-86 period (i.e. the price for the improvement in benefits targeted under the substate program) would be about \$380 in added administrative and implementation costs.

Hight, J. E. (1980). Financing Extended Benefits and Reinsurance: General Revenue Versus the Payroll Tax. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 369-372). Washington, DC : The National Commission on Unemployment Compensation.

Discusses the economic implications of using general revenues instead of a payroll tax to finance a portion of unemployment insurance benefit costs.

KRA Corporation. (1995). The Work Search Test Under Extended Benefits. In Advisory Council on Unemployment Compensation: Background Papers, Volume I (p. E1-E5). Washington, DC: Advisory Council on Unemployment Compensation.

Existing research on the topic of the work search test has proven to be quite difficult to uncover. This document compiles a list of legislation regarding the work search test and extended unemployment benefits as well as the requirements for receipt of extended benefits. (Summary written by UI Staff)

U.S. Congressional Budget Office. (1990, Feb). Family Incomes of Unemployment Insurance Recipients and the Implications for Extending Benefits. Washington, DC: Author.

Federal Workers

Benenson, L. (1978). Incidence of Federal Retirees Drawing UCFE Benefits, 1974-75 (UI Occasional Paper 78-8). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report was prepared in response to questions concerning alleged overlapping payments of unemployment insurance benefits and annuities to Federal retirees raised in 1976 during hearings on the fiscal 1977 appropriations for the Departments of Labor and Health, Education, and Welfare and related agencies. S3216, introduced in the Senate on March 26, 1976, would have amended title 5 of the United States Code, section 85, to require that unemployment compensation for all Federal retirees, both military and civilian, be reduced by the amount of benefits payable under any Federal pension system. (Excerpted from Introduction)

Booz-Allen-Hamilton Inc. (1980). The Feasibility of Alternative UCFE Chargeback Systems. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 599-602). Washington, DC: The National Commission on Unemployment Compensation.

U.S. Department of Labor, Employment and Training Administration. (1982). ETA Handbook 391: Unemployment Compensation for Former Federal Employees. Washington, DC: Author.

U.S. General Accounting Office. (1980). A.I.C. Needs Clarification on Defense Act Insurance Requirements. Washington, DC: Author.

The General Accounting Office reviewed the requirements of the Defense Bases Act (Compensation), 42 U.S.C., 1651 et seq., as they relate to the Agency for International Development contractors working overseas.

U.S. General Accounting Office. (1982). Unemployment Compensation - Ineligible Former Federal Employees Receiving UI Payments. Washington, DC: Author.

This paper is a follow-up to a General Accounting Office (GAO) study in 1982 (GAO wanted to determine if the problem continues) in which about half of the former employees of four Federal agencies who received unemployment compensation payments from the District of Columbia were ineligible for benefits.

U.S. General Accounting Office. (1983). Federal Agencies' Unemployment Costs Can Be Reduced Through Improved Management. Washington, DC: Author.

Former Service Members

U.S. Air Force. (1985). Unemployment Compensation for Former Air Force Members Project No: 5155111. Washington, DC: Author.

This study was undertaken to determine whether the Air Force effectively managed the payment of unemployment costs for former Air Force members.

U.S. Department of Labor, Office of the Inspector General. (1987). Regional OIG Survey of Unemployment Compensation Program for Ex-Military Servicemembers. Washington, DC: Author.

The purpose of this study was to determine if there were sufficient cause for the Office of Inspector General to conduct an audit. Other objectives of the survey were to: (1) determine the functions of the design center, (2) document the system specifications, (3) determine the types of reports required by the Employment and Training Administration and State Employment Security Agencies, and (4) select data for analysis and determine the effectiveness of the LCCC.

U.S. General Accounting Office. (1983). Computer Matches Identify Potential Unemployment Benefit Overpayments. Washington, DC: Author.

Explored whether retired Federal civilian and military personnel pensions are being deducted from state unemployment benefits as required by Federal and state law by conducting computer matches of claimants in the District of Columbia, Virginia and Maryland.

U.S. General Accounting Office. (1982). Ex-Service Member Eligibility for Unemployment Compensation. Washington, DC: Author.

U.S. General Accounting Office. (1980). A.I.C. Needs Clarification on Defense Act Insurance Requirements. Washington, DC: Author.

The General Accounting Office reviewed the requirements of the Defense Bases Act (Compensation), 42 U.S.C., 1651 et seq., as they relate to the Agency for International Development contractors working overseas.

Fraud & Overpayments

Burgess, P. L., & Kingston, J. L. (1980). Estimating Overpayments and Improper Payments. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 487-526). Washington, DC: The National Commission on Unemployment Compensation.

Burgess, P. L., Kingston, J. L., & St. Louis, R. D. (Dec 1984). Unemployment Insurance: Identifying Payment Error. Monthly Labor Review, 107(12), 34.

The US Department of Labor has recently developed a system for detecting payment errors in the unemployment insurance program. With this system, it is possible to identify the level of both fraud and nonfraud overpayments and underpayments in the program. The detection system, which is known as the random audit system, currently operates in 46 unemployment insurance jurisdictions. Remaining jurisdictions will be included during fiscal 1985, when the audit system will provide a basis for: (1) estimating the extent of payment, (2) identifying the primary sources of the payment errors, (3) implementing corrective action, where appropriate; and, (4) evaluating the effects of such corrective actions on unemployment insurance payment accuracy. When a sample has been selected for review, a detailed and consistent procedure is followed, which includes verification of benefit eligibility. Pilot tests in five states demonstrate the system's usefulness.

Colorado Department of Labor and Development. (1989). UI Research Exchange: Work Search Error Claimant Profile: Final Report (UI Occasional Paper 89-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration/Unemployment Insurance Service.

Analysis of 1986 and 1987 Quality Control investigation results revealed that work search errors involved more overpaid dollars than all other errors combined. The objective of this project was to identify "key" characteristics of error prone claimants and condense these into the best group of variables (i.e. the profiles). Then a model, which could predict a claimants error potential, would be created. A valid profile was developed and is composed of five key characteristics; they are: weekly benefit amount; number of nonmonetary issues; dictionary of occupational titles code; standard industrial classification code; and, age. The profile's predictive value was tested and the results indicate that it successfully predicted error prone claimants.

U.S. General Accounting Office. (1985). Expanded Survey to Develop a Strategy to Comprehensively Review Eligibility Verification in Entitlement Programs. Washington, DC: Author.

The purpose of this study is to identify agencies' controls to avoid erroneous payments through eligibility verification.

U.S. General Accounting Office. (1982). Unemployment Compensation - Ineligible Former Federal Employees Receiving UI Payments. Washington, DC: Author.

This paper is a follow-up to a General Accounting Office (GAO) study in 1982 (GAO wanted to determine if the problem continues) in which about half of the former employees of four Federal agencies who received unemployment compensation payments from the District of Columbia were ineligible for benefits.

Great Britain

Atkinson, A. B., Gomulka, J., Micklewright, J., & Rau, N. (1984, Feb-1984, Mar). Unemployment Benefit, Duration and Incentives in Britain: How Robust Is the Evidence? Journal of Public Economics, 23(1,2), 3-26.

Evidence from econometric models of micro data on the effects of unemployment benefits on incentives to work in the UK is examined. A model of reemployment probabilities is estimated using data from the 1972-1977 Family Expenditure Survey. Results are presented based on different concepts of the replacement rate relevant in different tax/benefit situations. The cumulative nature of the tax system is taken into account. Although widely accepted results of a small but significant benefit effect are reproduced using a sample of 1,231 unemployed men, these results are found only when benefit receipt is assumed to follow a hypothetical pattern that is demonstrated to be unrealistic and overgenerous. When more realistic computations of benefits are used, no benefit effect is found. It is also contended that search theory is of little value in determining the choice between competing functional forms and explanatory variables. Results concerning benefits are shown to be sensitive to the latter.

Baddeley, M., Martin, R., & Tyler, P. (1998, Jan). Transitory shock or structural shift? The impact of the early 1980s recession on British regional unemployment. Applied Economics, 30(1), 19-30.

This paper examines the impact of the early 1980s recession on regional unemployment in Britain. More specifically, it seeks to evaluate the hypothesis that this recessionary shock was so severe that it caused an upward structural shift in the underlying mean unemployment rates of the regions. This proposition is analyzed using Dickey-Fuller tests for difference versus trend stationarity, and the augmented structural shift and trend break time-series models developed by Perron. The results suggest that the apparent stochastic non-stationarity in regional unemployment over the period 1965-1995 is in fact due to an upward structural shift in regional mean unemployment rates in 1980. Furthermore, the nature of this shift appears to have differed as between the northern and southern regions of the country.

Blackaby, D. H., & Murphy, P. D. (1995, Nov). Earnings, Unemployment and Britain's North-South divide: Real or imaginary? Oxford Bulletin of Economics and Statistics, 57(4), 487.

Using cross-section data for 1983, an effort is made to shed light on the extent of Britain's North-South divide. Hedonic wage equations corrected for selectivity bias have been estimated for both manual and nonmanual employees to assess whether they compete in spatially distinct labor markets. Differences in the mean and variance of earnings between the areas are decomposed into components that can be attributed either to structural or to characteristic differences. Finally, factors determining the probability of unemployment in the North and the South are examined and the degree of labor market flexibility assessed.

Carruth, A. A., & Oswald, A. J. (1991, Jul). An Empirical Study of Unemployment and the Number of Children in Care. Oxford Economic Papers, 43(3), 502.

Almost 100,000 British children in each year of the last decade have been in the care of their local authority. Most come into care because their parents are unable to look after them. About one-fifth come into care for their own safety. An analysis of the forces that shape the number of children in care finds that unemployment plays a significant role in determining the number of children in care. A rough estimate suggests that a doubling of the unemployment rate raises the number of children in local authority care in the UK by about two-thirds. More controversially, the analysis finds that, in a county that becomes richer, there is an increase, all other things being

constant, in the number of children in care. This may be because a more prosperous region can devote greater resources to social services. The analysis also finds weak evidence that a higher illegitimacy rate leads to an increased number of children in care.

Clark, A. E., & Oswald, A. J. (1994, May). Unhappiness and unemployment. The Economic Journal, 104(424), 648.

As unemployment rises secularly over time, there is an increasing feeling among Western politicians that something must be done. A commonly expressed view is that, perhaps because of the generosity of financial aid to those without jobs, large numbers of people in Britain may be choosing to be unemployed. The implications of such thinking are stark. This analysis uses data from the new British Household Panel Study in an attempt to assess the utility levels of the jobless. This analysis also explores, and rejects, the hypothesis that unemployment is voluntary. Unemployed people in Great Britain in 1991 had much lower levels of mental well-being than those in work. As a rough illustration, being unemployed is worse, in terms of lost utility units, than divorce or marital separation. The results suggest that British policy measures aimed at cutting out supposedly high levels of voluntary joblessness would be misguided.

Collins, M. (1982). Unemployment in Interwar Britain: Still Searching for an Explanation of Unemployment in Interwar Britain. Journal of Political Economy, 336-379.

Creedy, R., & Disney, R. (1981). Eligibility for Unemployment Benefits in Great Britain. Oxford Economic Papers, 33(2), 256-273.

Cross, R., Benjamin, D. K., & Kochin, L. A. (1982). How Much Voluntary Unemployment in Interwar Britain? Comment and Reply. Journal of Political Economy, 380-385.

In this report, Cross is disputing the findings of Benjamin and Kochin's 1979 report which concluded that the very high levels of unemployment were prompted by high unemployment insurance benefits relative to wages. According to Cross, Benjamin and Kochin failed to consider important restrictions applied by the system's eligibility requirements. Defenses are offered by Benjamin and Kochin.

Disney, R. (1984, Aug). The Regional Impact of Unemployment Insurance in the United Kingdom. Oxford Bulletin of Economics and Statistics, 46(3), 241-254.

As the unemployment level in the United Kingdom (UK) has increased in recent years, so too has the proportion of gross domestic product (GDP) expended on payments of unemployment insurance (UI) benefits. Attention is focused on the regional impact of the UI system in the UK. Estimates of the magnitudes of the net transfers among regions are presented for 1982. Since UI benefits come in two forms - unemployment benefits and supplementary benefits - so that their finance methods differ, the net transfers are estimated separately for the two schemes. As expected, analysis shows that significant differences exist among regions in the ratios of receipt of benefits relative to payment of taxes and contributions, and that these implicit net transfers are quite substantial sums, albeit small proportions of regional GDP.

Disney, R. (1982). Theorizing the Welfare State: The Case of Unemployment Insurance in Britain. Journal of Social Policy, 11, 33-57.

Fenn, P. (Jul 1980). Sources of Disqualification for Unemployment Benefit, 1960-76. British Journal of Industrial Relations, 18(2), 240-253.

A recent development in labor market statistics in the United Kingdom has been the publication by the Department of Employment of a time series of flows on and off the unemployment register since 1967, and the new data has permitted a certain amount of analysis of the labor market as a dynamic system of stocks, flows, and durations. However, data on "voluntary" or "involuntary" movements in the labor force remain problematic. Therefore, an analysis of disqualifications from 1960-1976 under three of the most important clauses of the legislation-voluntary leaving, misconduct, and refusal of suitable employment-was done on data collected by the DHSS from local employment offices throughout Great Britain. Evidence from adjudication statistics offers some insight into the

behavior of employees, employers, and officials over recent years. The data on voluntary leaving suggests that employees have responded to alterations in the real level of unemployment benefits by quitting more often, though this response is neither large nor particularly significant. The data on misconduct illustrate that employers were dismissing more workers on grounds of misconduct at the same time. The timing of the increase suggests that the Redundancy Payments Act of 1965 may have been the cause. As far as National Insurance officials are concerned, the major shift in administrative procedure since 1972 seems to have produced a lower level of disqualifications for refusal of suitable employment.

Hughes, G., McCormick, B., Baily, M. N., & Inoki, T. (1987, Apr). Housing Markets, Unemployment and Labour Market Flexibility in the UK: Comments. European Economic Review, 31(3), 615-646.

Attention is focused on how United Kingdom (UK) housing market policies have affected interregional migration and, since the main concern of the analysis is largely with unemployment, on the relationship between unemployment and migration. This theme is extended by examining the links between job mobility and housing movement so as to establish the importance of the apparent constraints imposed by the British housing system on labor mobility. The evidence presented may be valuable in understanding the patterns of inflexibility and unemployment that are observed in the UK. Finally, policies that might ameliorate the worst side effects of UK housing policies are discussed. The appropriate response is to consider the broader framework of taxation, housing finance, and rent control legislation. Baily questions whether council house tenancy is a proxy for some unobserved characteristics of the individuals; Inoki comments on, among other things, Hughes and McCormick's method of evaluating labor market flexibility.

Jones, S. R. G. (1988, Nov). The Relationship Between Unemployment Spells And Reservation Wage. Quarterly Journal of Economics, 103(4), 741.

A direct test was conducted of the prediction from search theory that the duration of unemployment spells and the reservation wage should move together. Cross-sectional data for the United Kingdom from 1982 were used, with appropriate allowances made for factors that influence the probability of leaving unemployment given the reservation wage. An explicit model was developed that gave rise to a log-linear specification. This could be consistently estimated either by ordinary least squares, under the view that omitted heterogeneity was uncorrelated with the regressors, or by two-stage least squares, if one relied on an exclusion restriction to identify the log duration equation, given correlated but unobserved heterogeneity. The results of these two methods were remarkably different, suggesting that factors known to the agent and critical in the determination of the reservation wage were omitted in the single-equation procedure. Correction made by using benefits as an instrument led to estimates that were both statistically significant and intuitively sensible.

Junakar, P. N. (1981, Nov). An Econometric Analysis of Unemployment in Great Britain. Oxford Economic Papers, 33, 387-400.

Malinvaud, E. (1994). Diagnosing Unemployment. United Kingdom: Cambridge University Press.

Metcalf, D. (1984, Aug). On the Measurement of Employment and Unemployment. National Institute Economic Review, (109), 59.

In May 1984, the official figure for unemployment in the United Kingdom (UK) was 3.1 million. Critics of the count put the real figure at anywhere between 1.7 million and 4.4 million. These differences reflect not only philosophical and methodological differences but also recent changes in coverage and the method of counting. Estimates of the long-run rate of unemployment suggest that harmful macroeconomic policy accounts for a large portion of present unemployment. Britain's unemployment is high compared to other members of the Organization for Economic Cooperation and Development, but this comparatively high level of unemployment is not due to problems with the labor supply or lack of adaptability on the part of the workforce. There is general consensus that manufacturing will not be a source of net new jobs, and private services are unlikely to create jobs on the scale required to make a dent in unemployment.

Robson, M. (1989, Oct). Unemployment And Real Wages In Britain, 1967-1983. Oxford Economic Papers, 41(4), 789-802.

In the United Kingdom (UK) labor market, real earnings have risen steadily in the face of persistently high levels of unemployment during the 1980s, leading to the question of why high levels of unemployment have failed to restrain real wages. Layard and Nickell (1985, 1986) argue that the long-term unemployed search less intensively for jobs and thus exert little downward pressure on wages. An alternative explanation is offered in which wages are determined by a process of bargaining between firms and employees and variations in unemployment affect wages only in that they impinge on the expected utility of those in employment. Two channels of influence are present: (1) variations in the likelihood of becoming unemployed, and (2) changes in the expected duration of unemployment for those who lose jobs. Evidence on the determination of real product wages in the UK for the 1967-1983 period does not refute the hypothesis that the likelihood of becoming unemployed and the expected duration of unemployment have separate influences on the process of wage determination.

Health Insurance Coverage

Congressional Budget Office. (1998, Jan). Proposals to Subsidize Health Insurance for the Unemployed.

This memorandum considers two main topics related to the provision of health insurance subsidies. First, it discusses issues in designing such a program, including possible eligibility rules and formulas for deciding the amount of a subsidy. Second, the memorandum presents estimates of the federal costs and performance of a prototypical subsidy plan that is based on recent legislative proposals; it also evaluates how the costs and performance of the program would change as a result of modifying the eligibility rules or subsidy formulas. In accordance with the Congressional Budget Office's mandate to provide objective and impartial analysis, this memorandum makes no recommendations.

Malhotra, S., & Wills, J. (1980). Employer-Provided Group Health Plans and the Unemployed. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 833-849). Washington, DC: The National Commission on Unemployment Compensation.

Malhotra, S., & Wills, J. (1980). The Effect of UI Payments on Health Insurance Coverage. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 851-868). Washington, DC: The National Commission on Unemployment Compensation.

Historic and Policy Analysis

Blaustein, S. J. (1982). New Directions for Unemployment Insurance. University of Detroit Journal of Urban Law, 59, 545-568.

Article focuses on what the author regards as the four most important problems facing the system today. It also offers some ideas for basic structural reforms of the existing system as a context for some resolution of these problems. (Summary written by UI Staff)

10. **Conerly, W. B.** (1998). Jobs, Not Unemployment: Reforming Unemployment Insurance. Policy Insight, 104, 1-

Cottle, R. L., & Macaulay, H. H. (1982). The Impact of Unemployment Insurance on the U.S. Economy During the 1973-1975 Recession. Resources Research Corporation.

Davis, S. J., & Haltiwanger, J. (1992, Aug). Gross Job Creation, Gross Job Destruction, and Employment Reallocation . The Quarterly Journal of Economics, 107(3), 819-863.

The heterogeneity of establishment-level employment changes in the U.S. manufacturing sector over the 1972-1986 period is measured. This heterogeneity is measured in terms of the gross creation and destruction of jobs and the rate at which jobs are reallocated across plants. The measurement efforts enable quantification of the connection between job reallocation and worker reallocation, evaluation of theories of heterogeneity in plant-level employment dynamics, and establishment of new results related to the cyclical behavior of the labor market. A key aspect of the study is its focus on gross job flows as opposed to gross worker flows. It is found that manufacturing's rates of gross job creation and destruction averaged 9.2 percent and 11.3 percent per year, respectively. It is shown that these figures represent simultaneously high rates of job creation and destruction within narrowly defined sectors of the economy. Results concerning concentration and persistence imply that job reallocation is typically associated with long-term joblessness or worker reallocation across employers.

Dingledine, G. (1981). A Chronology of Response: The Evolution of Unemployment Insurance from 1940-1980. Ottawa, Canada: Employment and Immigration.

Gardner, J. M. (1994, Jun). The 1990-91 Recession: How Bad Was The Labor Market? Monthly Labor Review, 117(6), 3.

The U.S. experienced nine periods of widespread economic decline since 1948. These periods are commonly referred to as recessions. This economic weakness has always been accompanied by decreasing employment and increasing unemployment. The most recent recession officially started in July 1990 and officially ended eight months later in March 1991. By most economic measures, the 1990-1991 downturn was mild compared to previous contractions. However, several factors unique to this recession and its aftermath made its impact on the U.S. work force quite severe. The labor market continued to deteriorate long after other economic indicators began to improve. In addition, employment declines were more widespread across the major occupational and industry groups in the 1990 recession than in past contractions. These topics are discussed as part of a comparison of overall changes in the labor market during the 1990-1991 recession and earlier downturns.

Gritz, R. M., Johnson, T. R., Wenzlow, A., & Dong, F. B. (In Press). Dynamic Models of Unemployment Insurance Benefit Receipt: Survival Rate Analysis Report (UI Occasional Paper 99-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The primary goals of this project were to first conduct a comprehensive examination of the dynamic nature of the unemployment insurance (UI) benefit payment process, and, using these findings, develop, for UI policymakers, an integrated projection model of UI benefit payments. This report examines the decisions of UI claimants to collect benefits during their eligibility period. This information will be helpful to policymakers in determining the optimal weekly benefit amount and determining the potential duration of benefits, two key elements of the UI program. In addition, this information will be helpful in the formulation of policies that extend the length of time UI claimants receive benefits during recessionary times. (Excerpted from Executive Summary)

Hall, R. E. (1993, May). Macro Theory and the Recession of 1990-1991. The American Economic Review, 83(2), 275-279.

A comprehensive list of possible causes of the 1990-1991 U.S. recession is given, including: (1) there was a price shock and stabilization policy depressed real output to limit inflation from the shock, (2) monetary policy switched to a lower target for nominal growth, and (3) tax rates increased. The evidence on the relative importance of the possible causes is considered within the framework of established macro theories. It is concluded that established

models are unhelpful in understanding the recession, and probably most of its predecessors. There was no outside force that concentrated its effects over a few months in the late summer and fall of 1990, nor was there a coincidence of forces concentrated during that period. Rather, there seems to have been a cascading of negative responses during that time, perhaps set off by Iraq's invasion of Kuwait and the resulting oil-price spike in August 1990. The recent recession seems to call for models without neoclassical curvature conditions, rather than the established neoclassical models.

Hansen, W. L., & Byers, J. F. (1990). Unemployment Insurance: The Second Half-Century. Madison: University of Wisconsin Press.

Hum, D. (1981). Unemployment Insurance and Work Effort: Issues, Evidence, and Policy Direction. Toronto: Ontario Economic Council.

Leon, C. B., & Rones, P. L. (1980, Feb). Employment and Unemployment during 1979: An Analysis. Monthly Labor Review, 103(2), 3.

The nation's employment situation in 1979 was characterized by a slowdown in the rate of job growth. While remaining fairly strong at about two million each, employment and labor force growth were considerably slower than during the previous three years. The unemployment rate has continued in the 5.8 to 5.9 percent range for five consecutive quarters. The rate of joblessness experienced very little change in most of the major population groups. While employment increased in all major white-collar occupations during 1979, it declined in most other occupations. Most of the increase in employment in 1979 occurred among full-time workers. The average number of weekly hours of production or nonsupervisory workers on private nonfarm payrolls was 35.7 in late 1979, which was a slight decrease from 1978. The average hourly earnings of such workers was \$6.33 in the last quarter of 1979 as compared to \$5.88 a year earlier. There were slight improvements in the employment status of blacks and Hispanics.

Manheimer, H. & Cooper, E. (1985). Beginning the Unemployment Insurance Program -- An Oral History (UI Occasional Paper 85-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This volume sketches the early history of unemployment insurance as recalled by individuals who held key roles in the system during its formative years. The editors have selected sections of 16 interviews pertaining to the early history and conceptual foundations of the program. The volume contains excerpts from the recollecting of the individuals quoted, arranged by subject matter. It is not intended to be a comprehensive, systematic presentation of early unemployment insurance history. (Excerpted from foreword by Stephen A. Wandner)

Manheimer, H., Robinson J., Harvey, N., Sheehan, W., & Skrable, B. (1986). Alternative Uses of Unemployment Insurance (UI Occasional Paper 86-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The existing U.S. and foreign experience reviewed in the report, extensive as it is, does not identify any particular government action to assist structurally unemployed workers that assures favorable results. Moreover, it offers only limited guidance on the potential impacts of any of the alternatives on unemployment insurance trust fund solvency. (Summary written by UI Staff)

Murphy, K. R. (1985, Summer-1985, Fall). The Full Employment Unemployment Rate: Changes in Tennessee, the South, and the U.S., 1961-1983. Survey of Business, 21(1), 23.

The full employment unemployment rate (FEUR) is the unemployment rate at which a job exists for every person who wishes to work. Knowledge of the FEUR is important for policymakers in job policy decisions. The economic determinants of a state's FEUR are: (1) relative wages, (2) transfer payments, such as food stamps and Social Security income, (3) demographic structure; and, (4) labor market imperfections, notably, minimum wage laws and unionization. The rise in Tennessee's FEUR between 1961 and 1982 from 4.6 percent to 7.6 percent as opposed to the one percent rise in the other 49 states may be attributable to: (1) Tennessee's faster wage growth, (2) faster

growth in its potential non-white labor force, (3) faster growth in the participation rate of its female workforce, (4) slower declines in its manufacturing employment, and (5) slower growth rates in finance, insurance, and real estate in Tennessee.

Murphy, K. M., & Topel, R. (1997, May). Unemployment and Nonemployment. The American Economic Review, 87(2), 295-300.

The recent histories of unemployment and nonemployment among American men are evaluated. Nonemployment includes potential workers who choose not to seek employment, and so are counted as out of the labor force in official employment statistics. Using data on American men since 1967, the main conclusion is that the unemployment rate has become progressively less informative about the state of the labor market. It is found that long-term changes in labor demands have reduced the returns to work, most notably among the least skilled.

Newman, M. J. (1980, Jan). Seasonal Variations in Employment and Unemployment during 1951-75. Monthly Labor Review, 103(1), 48.

Major kinds of unemployment identified by economists are: (1) cyclical, (2) frictional or voluntary, and (3) structural or lack of skill. Seasonal unemployment can be considered either as a fourth type or as an aspect of each of the other three. Adjustment for seasonal unemployment is determined by dividing the actual employment figure by a predetermined seasonal factor. This is the multiplicative method of seasonal adjustment. Teenagers and young adults are strongly affected by the timing of the school year. During the study period from 1951-75, there was a much larger magnitude in seasonal unemployment peaks between men and women except for the employment seasonality of those women over 25 years of age. Women appeared to suffer more shifts in patterns of employment and unemployment seasonality than men. This applied in any given year and throughout the entire study period. Except for a small decline among teenagers there were no significant changes in magnitude in the seasonality of either employment or unemployment.

O'Leary, C. J., & Wandner, S. A. (Eds.) (1997). Unemployment Insurance in the United States: Analysis of Policy Issues. Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

This book attempts to present an accessible survey of what is known about how the federal-state system of unemployment insurance works in the United States and to offer ideas for further improvement to the system. To accomplish such a challenging project, this book required the dedicated efforts of many experts on the UI program. The chapters of this book cover the following topics: (1) policy issues; (2) coverage and reciprocity; (3) initial eligibility for unemployment compensation; (4) continuing eligibility; (5) adequacy of the weekly benefit amount; (6) the duration of benefits; (7) work incentives and disincentives; (8) financing benefit payments; (9) trends in unemployment benefit financing; (10) fraud, abuse and errors in the UI system; (11) the role of the Employment Service; (12) the intersection of UI and other program policies; (13) federal-state relations; (14) unemployment compensation in the G-7 nations; and, (15) concluding comments by the editors. (Excerpted from Preface)

Perry, G., & Schultze, C. (1993). Was This Recession Different? Are They All Different? Brookings Papers on Economic Activity, 1, 145-195.

Rosbrow, J. M. (1986). Fifty Years of Unemployment Insurance--A Legislative History: 1935-1985 (UI Occasional Paper 86-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Originally undertaken to mark the observance of the fiftieth anniversary of the enactment of the Social Security Act of 1935, which initiated the Federal-state Unemployment Compensation Program, this history should serve for many years as a source of basic information for students and the general public, and as a work tool for staffs of Federal and state unemployment compensation agencies. (Excerpted from Introduction)

Rosenberg, S. (1983, Jun). Unemployment and Insurance: Reagan Social Policy and Labour Force Restructuring. Cambridge Journal of Economic, 179-196.

Rostamizadeh, A. (1996, Apr). Chronological Summary: Oregon's Unemployment Insurance Program from the Beginning to Date. Salem, Oregon: Employment Department.

The Brookings Institution. (1984). The Decline in Insured Unemployment During the 1980s. Washington, DC: Author.

The main purpose of this study is to examine the pattern of insured and total unemployment over the past three decades in an attempt to explain the recent sharp divergence in the pattern of the insured unemployment rate and the total unemployment rate.

Import-Impacted Workers

Decker, P. T., & Corson, W. (1995, Jul). International Trade and Worker Displacement: Evaluation of the Trade Adjustment Assistance Program. Industrial & Labor Relations Review, 48(4), 758-774.

The Trade Adjustment Assistance (TAA) program offers unemployment compensation and reemployment adjustment services to workers who lose their jobs due to increased import competition. In 1981 and again in 1988, the program rules were changed to shift the emphasis from compensation to training. The pre-layoff characteristics and post-layoff labor market experience of two nationally representative samples of TAA program participants, one of which participated in the program just before the 1988 amendments and the other just after, are examined. It is found that the TAA program was well targeted during the time period studied: it served workers who were permanently displaced from their jobs and who experienced significant earnings losses due to their layoff. No evidence is found, however, that training had a substantial positive impact on earnings of TAA trainees, at least in the first three years after their initial unemployment insurance claim.

Jacobson, L. (1991, Aug). Congressional Testimony on the Effectiveness of Trade Adjustment Assistance and Suggestions for Improving the Program (Before the House Committee on Ways and Means, Subcommittee on Trade) (Working paper 92-12). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

In this testimony, Mr. Jacobson presents key findings from research that he conducted with others, bearing on the justification and effectiveness of trade adjustment assistance. Most economists agree that protecting workers from the negative consequences of the North American Free Trade Agreement is appropriate, since we believe that a measure is unambiguously good only when some benefit, but no one is hurt.

Stein, L. (1983, Jul). General Measures to Assist Workers and Firms in Adjusting to Injury from Freer Trade: Issues Raised by Various European Approaches and Some Ad Hoc Industry Measures Adopted Elsewhere. American Journal of Economics and Sociology, 42, 315-327.

Incentives and Disincentives

Anderson, P. M., & Meyer, B. D. (1993). Unemployment Insurance in the United States: Layoff Incentives and Cross Subsidies. Journal of Labor Economics, 11(1).

Benham, H. C. (1983, Fall). UI Effects on Unemployment: Some Data on Competing Theories. Industrial Relations, 22(3), 403-409.

Certain unemployment insurance (UI) system parameters have been found to influence certain unemployment characteristics. Two theories have been proposed to explain the relationship between UI and unemployment. The

first theory contends that UI benefits reduce job search costs, thus leading the unemployed to establish higher reservation wages for future employment and to remain unemployed longer. The contract-based theory proposes that UI benefits can affect the implicit wage contract between employers and workers such that employees with a high probability of layoff will not require premium wages to compensate for layoff probabilities or longer layoff durations. An analysis of unemployment data by state and type of UI system produced support for both theories. The benefit replacement ratio positively influences both the rate and duration of unemployment. UI systems based on experience rating significantly contributed to the duration of layoffs.

Benham, H. C. (1983, Feb). Unemployment Insurance Incentives and Unemployment Duration Distributions. The Review of Economics and Statistics, 65(1), 139-143.

The impact of unemployment insurance on the distribution of unemployment durations was examined. Employer incentives, as well as employee incentives, were considered. A benefit replacement ratio was used to measure the unemployment insurance incentive. It is found that for the unemployed, unemployment insurance subsidizes unemployment and search theory implies an increase in the mean duration of unemployment. States with larger ratios of benefit replacement were found to have longer unemployment durations. Because of unemployment insurance's incomplete experience rating, high layoff employers are subsidized by low layoff employers. Findings indicated that employers respond to unemployment insurance system incentives. There were higher frequencies of short duration unemployment when experience ratings were lower. The converse was also suggested.

Burgess, P. L., & Kingston, J. L. (1987). An Incentives Approach to Improving the Unemployment Compensation System. Kalamazoo, MI: The W.E. Upjohn Institute for Employment Research.

Corson, W., Decker, P., Dunstan, S., & Kerachsky, S. (1992). Pennsylvania Reemployment Bonus Demonstration Final Report (UI Occasional Paper 92-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Pennsylvania Reemployment Bonus Demonstration project tested the effect of alternative reemployment bonuses on unemployment insurance (UI) recipients. The demonstration showed that reemployment bonuses can reduce the amount of time spent on UI, thereby reducing benefit payments. Overall, the demonstration showed that the benefits of reemployment bonuses can exceed their costs to society, claimants, and the government. However, for all of the bonus offers tested, the amount of the bonus payments plus their administrative costs exceeded the savings in UI payments. (Summary written by UI Staff)

Cottle, R. L. (1980, Fall). Unemployment: A Labor Market Perspective. Journal of Labor Research, 1(2), 231-244.

If unemployment is treated as a labor market, where workers rationally select periods of joblessness and where special interest groups profit from unemployment, it is possible to develop a theoretically consistent model which explains the effects that policy and economic variables have on unemployment. To evaluate the market for unemployment, a two-stage least squares technique was used to estimate simultaneously the coefficients of both the demand for and the supply of unemployment. The results support earlier claims that unemployment insurance (UI) creates economic incentives to become unemployed, and they show the significance of viewing both sides of the market. The model reveals that the demand for unemployment is: (1) adversely affected by the level of compensation, (2) positively influenced by liberalizing payment legislation, and (3) increases with the cost of the Extended Benefit Program. Unemployment is not really a social problem; it is a private market response to political and economic incentives residing within the Federal-state UI system.

Curington, W. P., Farmer, A., & Allen, W. D. (1997, Jul). Retroactive Benefits in Income Replacement Programs: Results from a Modified Natural Experiment. Southern Economic Journal, 64(1), 255-267.

The labor supply incentive effects of retroactive benefits in income replacement programs which compensate temporarily displaced workers are examined. It is found that retroactive benefits create a notch in workers' lifetime budget constraints which brings about an incentive for workers who fall within this notch to increase their work absence duration. The results suggest two cost-saving discretionary policy alternatives: (1) retroactive benefits should not be paid at all, and (2) the retroactive period should be extended. The results have relevance for duration analysis within the context of unemployment insurance.

Davidson, C., & Woodbury, S. A. (1997, Jun). Optimal Unemployment Insurance. Journal of Public Economics, 64(3), 359-387.

The design of an optimal unemployment insurance (UI) program is investigated using an equilibrium search model calibrated using data from the reemployment bonus experiments. There are three main conclusions. First, insurance considerations suggest that the potential duration of UI benefits would be unlimited under an optimal program. Second, if the potential duration to benefits was unlimited, current replacement rates in the US (about 0.5) would probably be about right. Third, the optimal replacement rate rises as the potential duration of benefits is increasingly limited, reaching one when the potential duration of benefits is limited to 32 weeks.

Davidson, C., & Woodbury, S. A. (1996). Unemployment Insurance and Unemployment: Implications of the Re-employment Bonus Experiments (Working paper, 96-114). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Davidson, C., & Woodbury, S. A. (1993). The Displacement Effects of Reemployment Bonus Programs. Journal of Labor Economics, 11, 575-605.

Davidson, C., & Woodbury, S. A. (In Press). From Social Experiment to Program: The Reemployment Bonus. In Orley Ashenfelter, & Robert G. Spiegelman (Eds.) The Reemployment Bonus Experiments. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Decker, P. T. (1994, Summer). The Impact of Reemployment Bonuses on Insured Unemployment in the New Jersey and Illinois reemployment Bonus Experiments. The Journal of Human Resources, 29(3), 718-741.

Separate social experiments conducted in Illinois and New Jersey tested the effect of offering Unemployment Insurance (UI) claimants a cash bonus for rapid reemployment. Research on the effects of the bonus efforts on the rate at which claimants exited UI indicates both states generated similar increases in the UI exit rate during the period in which the claimants could qualify for the bonus.

Decker, P. T. & O'Leary, C. (1992). An Analysis of Pooled Evidence from the Pennsylvania and Washington Reemployment Bonus Demonstrations (UI Occasional Paper 92-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Social experiments conducted in Pennsylvania and Washington tested the effect of offering unemployment insurance (UI) claimants a cash bonus for rapid reemployment. Bonus offers in each of the experiments generated statistically significant but relatively modest reductions in UI receipt. Since the estimated impacts on UI receipt were modest, the reemployment bonuses did not generate the UI savings necessary to pay for administering and paying the bonuses. Hence, contrary to earlier findings from a bonus experiment conducted in Illinois, findings from the Pennsylvania and Washington experiments strongly suggest that a reemployment bonus is not a cost-effective method of speeding the reemployment of UI claimants.

Feldstein, M. (1978, Dec). The Effect of Unemployment Insurance on Temporary Layoff Unemployment. The American Economic Review, 68(5), 834.

The understanding of temporary layoffs is important for the proper analysis of unemployment. The system of unemployment insurance (UI) provides an incentive for increased temporary layoff unemployment. UI increases the amount of temporary layoff unemployment, but it does not deal with the mean duration of the layoff. Without UI, employers would be reluctant to lay off workers for short periods for fear of losing them to other firms. Firms are willing to lay off employees if they feel that they will return when recalled, and employees are willing to accept layoffs if they are confident that they will be recalled. The basic variable of concern is the ratio of potential unemployment benefits to foregone earnings. Theory predicts that the probability of being laid off is an increasing function of benefits; there is no presumption of linearity. Variables examined included age, sex, marital status, race, occupation, industry group, and wage rates. Econometric evidence indicates that temporary layoff rates would drop if the unemployment benefits were not available.

Feldstein, M. (1976, Mar). Unemployment Compensation Adverse Incentives and Distributional Anomalies-- A Reply. National Tax Journal, 29(1), 38.

Unemployment insurance (UI) benefits typically replace two thirds of lost net income rather than the one third that is commonly asserted, thus removing any financial incentive to return to work or to avoid a spell of unemployment. The evidence cited by Horowitz that those who experience a spell of unemployment subsequently have lower earnings does not change the distorting effect of UI on the duration of unemployment, the frequency of temporary layoffs, or the worker's willingness to quit, take temporary jobs or do seasonal work. Although the original calculations did not account for fringe benefits, they also did not account for the costs of working. With respect to distributional anomalies, the argument does not relate to whether the benefit structure is progressive but only that UI does not prevent poverty and that the adverse incentives cannot be justified by significant desirable redistribution.

Feldstein, M. (1974, Jun). Unemployment Compensation - Adverse Incentives and Distributional Anomalies. National Tax Journal, 28(2), 231.

The current system of unemployment compensation entails very strong adverse incentives. For a wide variety of representative unemployed workers, unemployment benefits replace more than 60 percent of lost net income. In the more generous states, the replacement rate is over 80 percent for women. Most of the \$5 billion in benefits go to middle and upper income families. This anomaly in the distribution of benefits is exacerbated by the fact that unemployment compensation benefits are not subject to tax.

Feldstein, M., & Poterba, J. (1984). Unemployment Insurance and Reservation Wages. Journal of Public Economics, 23(1,2), 141.

By reducing the cost of unemployment to the individual, unemployment insurance (UI) can raise the unemployment rate in several different ways. The reservation wages reported by a large sample of unemployed individuals in the U.S. in May 1976 are examined. The majority of unemployed individuals report reservation wages that are at least as high as the wage they were paid on their last job. About 25 percent of all job seekers required a wage at least ten percent higher than the wage on their previous job. The econometric evidence demonstrates that the level of unemployment benefits relative to previous wages has a strong effect on the individual's reservation wage. A ten percent increase in the UI replacement ratio increases the reservation wage by about four percent for job losers who are not on layoff; the effect is somewhat less for other unemployment groups. These estimates imply that reducing net UI benefits by reducing gross benefits or taxing unemployment benefits could significantly decrease the average duration of unemployment and the relative number of long spells of unemployment. Reducing a high UI ratio by ten percent is likely to have a greater impact on unemployment than reducing a low UI ratio by ten percent.

Klausner, M. (1977). Unemployment Insurance and the Work Disincentive Effect: An Examination of Recent Research (UI Occasional Paper 77-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Meyer, B. D. (1996). What Have We Learned from the Illinois Reemployment Bonus Experiment? Journal of Labor Economics, 14(1), 26-51.

Moffitt, R. (1984). The Effect of the Duration of Unemployment Benefits on Work Incentives: An Analysis of Four Data Sets (UI Occasional Paper 85-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

During recessions, exhaustion rates under regular unemployment insurance (UI) rise and unemployment spells lengthen. This study is concerned whether benefit extensions during such periods increase the unemployment spell beyond what it would otherwise, beyond what is necessary to find suitable employment. The results indicate that the effect of a one-week extension in potential UI duration increases the spells of males by .17 to .45 weeks and increases the unemployment spells of females by .10 to .37 weeks. (Excerpted from Introduction)

O'Leary, C. J., Decker, P., & Wandner, S. A. (1997, Nov). Reemployment Bonuses And Profiling (Working paper 98-51). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Earlier research has indicated that an untargeted reemployment bonus program would not be good public policy. In this paper, profiling models similar to those in state Worker Profiling and Reemployment Services systems are used to reexamine evidence from reemployment bonus experiments. The targeting of offers to the unemployment insurance (UI) claimants identified as most likely to exhaust benefits is estimated to increase cost effectiveness. However, estimated average benefit payments do not steadily decline as the eligibility screen is gradually tightened. Furthermore, targeting does not guarantee that bonus offers will be cost effective. The best candidate to emerge for a targeted reemployment bonus is a low bonus amount, with a long qualification period, targeted to the half of profiled claimants most likely to exhaust their UI benefit entitlement.

Spiegelman, R. G., O'Leary, C. J., & Kline, K. J. (1992). The Washington Reemployment Bonus Experiment Final Report (UI Occasional Paper 92-6). Washington, DC: U.S. Department of Labor, Employment and Training, Unemployment Insurance Service.

The principal objective of unemployment insurance (UI) is to reduce hardship by providing labor force members with partial wage replacement during periods of involuntary unemployment. In performing this income maintenance function, UI has the potential of prolonging spells of unemployment. Indeed, leading economists began publishing research findings in the 1970s strongly suggesting that UI tends to lengthen jobless spells beyond that which would occur without UI payments. The 1980s saw several state and Federal experiments, testing initiatives designed to reduce work disincentives while retaining the income maintenance functions of UI. A new program, offering bonus payments to UI claimants for speedy return to work, was tested in experiments in 1984-85 and in New Jersey in 1986-87. The apparent success of these experiments in reducing insured unemployment led the U.S. Department of Labor to launch expanded versions of these bonus offer experiments in Washington and Pennsylvania in 1988.

The purpose of the Washington Reemployment Bonus experiment was to validate results of the previous experiments, test a new range of reemployment bonus plans, and identify the most cost-effective plan. (Excerpted from Introduction)

Topel, R. Unemployment Insurance Financing and Unemployment: Empirical Investigation of Adverse Incentives. Chicago, IL: University of Chicago.

Topel, R. H. (1984). Unemployment and Unemployment Insurance. Santa Monica, CA: Unicon Research Corporation.

The author estimates the impact of the current unemployment insurance (UI) system on measured unemployment and estimates the effects of UI financing methods on transitions to and from unemployment, including permanent layoffs, temporary layoffs, and quits. The author also examines the effects on the duration and frequency of unemployment spells.

W.E. Upjohn Institute for Employment Research. (1987). The Illinois Unemployment Insurance Incentive Experiments. Kalamazoo, MI: Author.

From mid-1984 to mid-1985, the Illinois Department of Employment Security conducted an experiment designed to test the effectiveness of bonus offers in reducing the duration of insured unemployment. The study concludes that the Job Search Incentive Experiment demonstrates that bonus payments to unemployment insurance (UI) claimants are a remarkably efficient means of reducing UI benefit payments and insured unemployment.

International Comparisons

(1980). Factors and Principles Determining the Amount and Duration of Unemployment Insurance and Cash Benefits. Paper presented at The XX General Assembly of the International Social Security Association, Manila, Philippines.

This is a summation of an inquiry conducted in 20 countries on levels of and conditions for granting unemployment insurance benefits. Economic and social conditions were considered.

Abraham, K. G., & Houseman, S. N. (1992, Dec). Does Employment Protection Inhibit Labor Market Flexibility?: Lessons from Germany, France and Belgium (Working paper 93-16). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Laws in most West European countries give workers strong job rights, including the right to advance notice of layoff and the right to severance pay or other compensation if laid off. Many of these same countries also encourage hours adjustment in lieu of layoffs by providing prorated unemployment compensation to workers on reduced hours. This paper compares the adjustment of manufacturing employment and hours in West Germany, France and Belgium, three countries with strong job security regulations and well-established short-time compensation systems, with that in the United States. Although the adjustment of employment to changes in output is much slower in the German, French and Belgian manufacturing sectors than in U.S. manufacturing, the adjustment of total hours worked is much more similar. The short-time system makes a significant contribution to observed adjustment in all three European countries. In addition, we find little evidence that the weakening of job security regulations that occurred in Germany, France and Belgium during the 1980s affected employers' adjustment to changes in output.

Aldrich, J., Fox, A., & Lopez, E. (1984, Apr). Purchasing Power of U.S. Social Security Benefits Abroad. Benefits International, 13(10), 14.

A comparison of the purchasing power of US Social Security benefits abroad and in the US shows that beneficiaries living abroad enjoyed an economic advantage over their US counterparts in 1970. However, by 1980, the US beneficiary abroad had seen a 12% loss in the real value of benefits. The purchasing power of benefits abroad improved somewhat in 1981. International comparisons of living standards are made easier by the use of purchasing power parities (PPP) and an exchange-rate deviation index. PPP is the number of currency units needed to buy goods equal to what can be bought with one US dollar. The purchasing power of benefits abroad depends on the relationship between the relevant exchange rate and PPP. To determine the exchange-rate deviation index, the relevant exchange rate is divided by gross domestic product PPP. The dollar value of benefits abroad is also affected by changes in US benefit levels, foreign exchange rates, and inflation rates. Analysis using the relative-value index shows that fluctuating inflation and exchange rates from 1970 to 1982 created erratic changes in the purchasing power of dollar benefits abroad.

Appelbaum, E., & Schettkat, R. Employment and Industrial Restructuring in the United States and West Germany. E. Matzner, & W. Streeck (Eds.) Beyond Keynesianism (pp. 137-160). Aldershot, England.

Avizohar, M. (1982). Money for All. Jerusalem Quarterly.

Examines the socio-political processes in Israel, illustrated through the introduction of child allowances and unemployment insurance.

Bendick, M. Jr. (1984). Dislocated Workers and Mid-Career Retraining in Other Industrial Nations. In K. Hollenbeck, F. C. Pratzner, & H. Rosen (Eds.) Displaced Workers: Implications for Educational and Training Institutions (pp. 189-208). Columbus: Ohio State University.

The United States is by no means unique among market-oriented industrial nations in experiencing rapid structural change in its economy and reemployment problems among dislocated, mid-career workers. This article examines the experiences of three such nations in addressing this problem, drawing from them useful lessons for American initiatives. The three nations, in the order in which they are discussed, are Sweden, Canada, and France.

Best, F., & Mattesich, J. (1980, Jul). Short-Time Compensation Systems in California and Europe. Monthly Labor Review, 103(7), 13-22.

Short-time compensation provides partial unemployment insurance benefits for work time lost by employees who have taken a reduction in work hours to prevent layoffs or dismissals by their employer. This approach to combating joblessness is examined by reviewing the history of the short-time compensation concept in the U.S. and the operation of a recently initiated program in California in comparison to European programs. California's "Work Sharing Unemployment Insurance" program began as an eighteen month experiment and was extended for an extra two years in July 1979. The basic design is similar to programs which have operated in Europe for several decades. It is designed to operate within the existing California unemployment insurance system. Administration of the program has been kept simple to encourage employer participation and to keep bureaucratic red tape to a minimum. Restrictions on workers who participate are also kept to a minimum as the program is intended to prevent layoffs. California companies that have utilized worksharing unemployment compensation appear to have healthier unemployment insurance tax accounts than those that use regular layoffs.

Bhattarai, A. K. (1989). Social Security Programmes in India. International Social Security Review, 42(4), 479-488.

Boeri, T. (1997, Summer). Labour-market Reforms in Transition Economies. Oxford Review of Economic Policy, 13 (2), 126-140.

Several lessons can be drawn from the natural experiments of Central and Eastern European countries with labor-market policies. Two of them are particularly relevant also for OECD countries. First, it is not wise to reduce the duration of unemployment benefits when the length of unemployment spells are on the rise unless: 1) unemployment is still low and there is the administrative capacity to implement active labor-market policies on a wide scale, or 2) there are income support schemes of the last resort in place and an administration capable of cost-effectively enforcing work-tests for those falling off unemployment benefit compensation rolls. The second and perhaps more positive lesson in the light of the above is that it is possible to transform institutions and create an efficient policy delivery mechanism within a short time span.

Bolderson, H. (1988). Comparing Social Policies: Some Problems of Method and the Case of Social Security Benefits in Australia, Britain and the USA. Journal of Social Policy, 17(3), 267-288.

Calcoen, F., Eeckhoudt, L., & Greiner, D. (1988). Unemployment Insurance, Social Protection and Employment Policy: An International Comparison. International Social Security Review, 39(2), 119-134.

Campbell, G. R. (1990, Aug). Social Security in Portugal: Harmonizing for Europe 1992. Social Security Bulletin, 53(8), 2-7.

The free movement of labor among the 12 member states of the European Community is one of the most important aspects of the pending single European market of 1992. Unless there is a fairly even level of social security development, such free movement of workers could produce large social and economic dislocations due to the unevenness of economic development within the EC. As one of the lesser developed member nations within the EC, Portugal has been in the vanguard in revamping social legislation to meet the demands of the European free market. The Portuguese have taken important legislative actions to deal with unemployment insurance and the role of social security authorities in the supervision of private pensions, and legislation has been enacted to improve unemployment benefits. In recent years, Portugal has begun to universalize and unify social security coverage under the general social security program. In 1988, agricultural workers were integrated into the general social security system. Portugal eventually intends to integrate civil servants into this system.

Dellas, H. (1997, Apr). Unemployment Insurance Benefits and Human Capital Accumulation. European Economic Review, 41(3-5), 517-524.

Public unemployment insurance benefits tend to benefit disproportionately the low skilled. Hence, they may serve as an income insurance substitute for human capital acquisition. As a result of their negative effect on the incentive to accumulate human capital, they lead to an increased supply of low skilled and to higher unemployment among the low skilled both in the short and long term. Accounting for the long term costs of unemployment insurance benefits may greatly increase the cost of the welfare state.

Euzeby, A. (1988). Unemployment Compensation and Employment in Industrialized Market-Economy Countries. International Social Security Review, 41(1), 3-24.

Experts agree that unemployment is currently a major problem for most developed countries in the West. Though unemployment compensation is costly, it is a necessary correlation to essential economic and social objectives.

Freeman, R. B. (1988, May). Evaluating The European View That The United States Has No Unemployment Problems. The American Economic Review, 78(2), 294-299.

Many European observers view the U.S. as having no unemployment problem. The U.S. labor market is seen as a paragon of decentralized wage and employment flexibility. The view rests on three basic facts: (1) the 1980s reversal of the longstanding pattern of higher rates of unemployment in the U.S. than in Organization for Economic Cooperation & Development (OECD) Europe, (2) the growth of employment in the US, and (3) the relatively short duration of unemployment spells in the U.S. However, the evidence shows that the U.S. paid for its employment expansion with reduced growth of real wages and productivity rather than with relatively costless flexibility. Some aspects of flexibility in relative wage setting helped limit US unemployment while others did not. The disparate experiences of the United Kingdom and Sweden show that a decentralized labor market is neither necessary nor sufficient for employment-enhancing wage settlements. The change in overall economic well-being in the U.S. is not so different than in OECD-Europe.

Godfrey, M. (1995). The Struggle Against Unemployment: Medium-term Policy Options for Transitional Economies. International Labour Review, 134(1), 3.

While economic restructuring and a higher overall level of demand for labor are needed to solve the employment problem in central and Eastern Europe in the longer term, the immediate problem for government is to manage the underutilization of labor - to hide it or force it into the open. An analyses of Bulgaria, the Czech Republic, Hungary, Poland, Slovakia and the Ukraine is drawn upon to address a common set of questions on employment policy. A reference to transition in Asia casts further light on the choices to be made.

Gordon, M. S. (1989). Social Security Policies in Industrial Countries: A Comparative Analysis, XVI. Cambridge, MA: Cambridge University Press.

An examination of the stresses and strains encountered by social security policies in the 70s and 80s after 25 years of expansion and liberalization in industrial countries during the postwar period.

Gorter, C., Nijkamp, P., & Rietveld, P. (1993). Barriers to Employment: Entry and Re-entry Possibilities of Unemployed Job Seekers in the Netherlands. De Economist, 141(1), 70-95.

The barriers to reemployment for unemployed job seekers are analyzed using duration models applied to Dutch data. The determinants included in the duration models are derived from an economic model of the different stages in the job search process. The estimation results show that age and nonlabor income have a significantly negative impact on the reemployment probability of unemployed job seekers. In addition, the hazard rate appears to be negative-duration-dependent. In the structural model, the rate at which unemployed job seekers find a job is decomposed into the application rate and the probability of receiving an actual job offer if an application is made. It is found that the low probability of becoming employed or reemployed is mainly caused by the low probability of receiving an actual offer. Furthermore, differences in the application intensity of unemployed job seekers can be explained by various personal characteristics, regional labor market conditions, length of unemployment, and search methods.

Gregory, R. G., & Paterson, P. R. (1993). Impact of Unemployment Benefit Payments on the Level and Composition of Unemployment in Australia. In Dennis Trewin (Ed.) Statistics in the Labor Market. New York: Marcel Dekker.

Gutierrez-Rieger, H., & Podczek, K. (1981). On the Nonexistence of Temporary Layoff Unemployment in Austria. Empirica, 2, 277-279.

Hughes, G., & Walsh, B. M. (1983). Unemployment Duration, Aggregate Demand and Unemployment Insurance: A Study of Irish Live Register Survival Probabilities. The Economic and Social Review, 14(2), 93-117.

Hunt, J. (1995, Jan). The Effect of Unemployment Compensation on Unemployment Duration in Germany. Journal of Labor Economics, 13(1), 88-120.

Jaeger, A., & Parkinson, M. (1994, Feb). Some Evidence on hysteresis in Unemployment Rates. European Economic Review, 38(2), 329-344.

The Organization for Economic Cooperation and Development area has seen a remarkable disparity in unemployment experience between member countries over the last twenty years. While most countries have suffered higher unemployment due to the cyclical downturn in activity since 1991, some appear to have suffered from a rising natural rate of unemployment since the mid-1970s. An analysis attempts to determine to what extent hysteresis effects, as opposed to natural rate shocks, have determined the course of unemployment since 1961 in four major economies: Canada, Germany, the United Kingdom, and the U.S. The analysis uses an unobserved components model of the unemployment rate to provide an operational definition of hysteresis. For the first three countries, the analysis shows that hysteresis effects are important in accounting for persistent movements in unemployment rates. Hysteresis effects appear to be relatively unimportant in explaining movements in the U.S. unemployment rate.

Janoski, T. (1990). The Political Economy of Unemployment: Active Labor Market Policy in West Germany and the United States. Berkeley, California: University of California Press.

Jordan, A. K. (1981). Work Test Failure: A Sample Survey of Terminations of Unemployment Benefits. Canberra, Australia: Department of Social Security, Division of Development, Research and Statistics Branch.

Lang, M. (1990, Apr). Politicians Propose Reform Measures for East German Social Security Program. IBIS Review, 4(10), 14-16.

Leigh, D. E. (1996). The Role of Unemployment Insurance in Addressing Structural Unemployment: Lessons from Other Nations. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. FF1-FF55). Washington, DC: Advisory Council on Unemployment Compensation.

Most industrialized nations, including the United States, are currently faced with rising long-term unemployment associated with increased structural unemployment as a fraction of total unemployment. The U.S. leads the world in funding demonstration projects designed to test the effectiveness of active labor market policies in combating structural unemployment. However, we have much less experience than many other nations with actual implementation of these policies on a nationwide basis. This paper examines unemployment compensation system reforms recently implemented in Britain, Australia, and Canada as responses to rising long-term unemployment. Broadly speaking, these reforms are intended to enhance work incentives of unemployment compensation recipients and to strengthen the linkage between unemployment benefits and reemployment service. A number of lessons are drawn from the experiences of these nations that might be usefully considered in reforming our unemployment insurance system.

Lindeboom, M., & Theeuwes, J. (1991, Aug). Job Duration in the Netherlands: The Co-Existence of High Turnover and Permanent Job Attachment. Oxford Bulletin of Economics and Statistics, 53(3), 243.

An empirical analysis of job durations in the Netherlands is examined. The data was taken from two waves of a Dutch panel survey of individuals in 1985 and 1986. Two models were employed: 1) the traditional hazard rate model, in which no distinction is made as to state of destination, and 2) the competing risk model, which allows for different escape rates that depend on the state of destination. The findings indicate that the labor market consists of a substantial number of workers with lifetime jobs co-existing with parts of the market where very short job durations are prevalent. High turnover co-exists with permanent job attachment. In the Netherlands, this duality can be ascribed to differences in the type of job. Workers in full-time jobs experience long job durations, whereas, at the other extreme, part-time workers experience very brief job durations.

Lippman, S. A., & McCall, J. J. (1980). Search Unemployment: Mismatches, Layoffs and Unemployment Insurance. Scandinavian Journal of Economics, 82(2), 253-272.

Ljungqvist, L., & Sargent, T. J. (1996, Sep-1996, Oct). A Supply-side Explanation of European Unemployment. Economic Perspectives, 20(4), 2.

A supply-side explanation of striking patterns in unemployment rates and duration of unemployment in European countries, compared with other member countries of the OECD, is offered. The adverse incentive effects of generous welfare programs in times of economic turbulence is tagged as causing the rise in long-term unemployment in Europe.

Ljungqvist, L., & Sargent, T. J. (1995). The European Unemployment Dilemma (Working paper no. 17). Illinois: Federal Reserve Bank of Chicago.

Lubyova, M., & van Ours, J. C. (1997, Apr). Unemployment Dynamics and the Restructuring of the Slovak Unemployment Benefit System. European Economic Review, 41(3-5), 925-934.

The effects on unemployment dynamics of the restructuring of the Slovak system of unemployment benefits are examined. Using data collected by the public employment offices, the effects of the strengthening of the system which occurred January 1, 1992, and the loosening of the system for some age groups introduced January 1, 1995, are investigated. Evidence is found that the strengthening of the system reduced unemployment duration whereas the loosening increased unemployment duration. However, none of the changes significantly affected the flow from unemployment to regular jobs.

Manheimer, H., Robinson J., Harvey, N., Sheehan, W., & Skrabble, B. (1986). Alternative Uses of Unemployment Insurance (UI Occasional Paper 86-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The existing U.S. and foreign experience reviewed in the report, extensive as it is, does not identify any particular government action to assist structurally unemployed workers that assures favorable results. Moreover, it offers only limited guidance on the potential impacts of any of the alternatives on unemployment insurance trust fund solvency. (Summary written by UI Staff)

Manning, I. The 1970's: A Decade of Social Security Policy. Australian Economic Review, 53, 13-19.

Martikainen, P. T., & Valkonen, T. (1998, Dec). The Effects of Differential Unemployment Rate Increases of Occupation Groups on Changes in Mortality. American Journal of Public Health, 88(12), 1859-1861.

Census records for all 20- to 64-year-old economically active Finnish men in 1985 were linked to information on unemployment and deaths in 1987 through 1993. Unemployment does not seem to cause mortality in the short term

Mourdoukoutas, P. (1988, Jul). Seasonal Employment, Seasonal Unemployment and Unemployment Compensation: The Case of the Tourist Industry of the Greek Islands. The American Journal of Economics and Sociology, 47(3), 315.

A theoretical and empirical investigation is undertaken of the employment opportunities generated in the tourist industry of the Greek islands. Two questions are raised: 1) what determines the allocation of the labor force between seasonal and nonseasonal industries, and 2) whether that allocation results in seasonal unemployment. The analysis supports the conventional thesis that unemployment is not necessarily produced by seasonal employment. Unemployment following a period of seasonal employment may be voluntary or involuntary. Some employees choose seasonal occupations because they pay more. Others do so because seasonal occupations suit their nonmarket activities during their off-peak season(s), or they may lack any other occupational choices. Any unemployment compensation policy designed to smooth out those fluctuations or to compensate workers during their off-peak season in industries such as tourism may accentuate the unemployment problem.

Mourdoukoutas, P., & Roy, U. (1994). Job Rotation and Public Policy: Theory with Applications to Japan and the USA. International Journal of Manpower, 15(6), 57.

It is argued that the high job mobility observed most prominently among workers in Japanese firms is consistent with the behavior of risk-averse individuals when neither private nor public income insurance is widely available to displaced workers. Laissez faire is suboptimal and involves higher job mobility than is socially optimal. The public provision of income insurance yields a Pareto improvement and decreases job rotation. Government job training schemes may push job rotation levels higher than the levels under laissez faire and could be counterproductive. The arguments were rationalized within a simple two-period general equilibrium model of a perfectly competitive economy with incomplete insurance markets.

Mourdoukoutas, P., & Sohng, S. N. (1988). Japan's Low Unemployment: How Do They Do It? Business and Economic Review, 35(1), 19.

Reasons for low and stable unemployment rates in Japan since the early 1970s include: 1. a flexible attitude concerning real wages -- when corporate profits fall, unions exercise self-restraint in their wage demands, preventing labor costs and unemployment from rising; 2) a floating female labor force that enters the market when demand for labor increases and returns home when demand decreases; 3) the retiring of a "lifetime" employee at age 55 or 60 to compensate for labor redundancies associated with automation or labor declines; 4) a small business sector that provides nonlifetime employment to workers not eligible for lifetime employment (many released workers find an outlet in this sector); 5) the transferring of potential laid-off workers to company subsidiaries; and 6) subsidies established by the Japanese government to help companies cope with labor redundancies and facilitate the interfirm mobility of laid-off workers.

Muhleisen, M., & Zimmermann, K. F. (1994, Apr). A Panel Analysis of Job changes and Unemployment. European Economic Review, 38(3-4), 793.

This study tested for state dependence in histories of unemployment and job mobility from the first six waves of the German Socio-Economic Panel. The results found no evidence in the 1980s that foreign labor induced unemployment, but there is strong evidence that past unemployment causes future unemployment.

O'Leary, C. J. (1997, Oct). Preliminary Evidence on Impacts of Active Labor Programs in Hungary and Poland (Working paper 98-50). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

To ease the hardship associated with worker dislocation and to maintain social stability during the transition to markets, the governments of Hungary and Poland provide labor force members with unemployment compensation and a variety of active labor programs (ALPs). Follow-up surveys of participants in retraining, public works, wage subsidies, self-employment, and comparison groups were done in Hungary and Poland in early 1997. Preliminary analysis suggests positive net impacts for most ALPs and additive benefits from the use of the employment service in both countries. Strong evidence of nonrandom assignment to programs means that great care should be used in interpreting the preliminary results and that further examination of the findings is necessary.

Organization for Economic Cooperation and Development. (1995). Self-Employment Programmes for the Unemployed. Paris, France: Author.

Organization for Economic Cooperation and Development. (1982). Labour Supply, Growth Constraints & Work Sharing. Paris, FR: Author.

Oswald, A. J. (1983, Apr). Unemployment Benefit & the Supply of Labour. Greek Economic Review, 3(1), 33-45.

Patel, C., & Whiteside, A. (1986). Black Migrant Workers' Rights in South Africa: A Legal Reference Manual. VII ILO. Geneva, Switzerland: King Juliana.

Pedersen, P. J. (1981). Economic Effects of Unemployment Insurance. Kobenhavn.

Rama, M. (1998, Feb). How Bad is Unemployment in Tunisia? Assessing Labor Market Efficiency in a Developing Country. The World Bank Research Observer, 13(1), 59-77.

Tunisia's unemployment rate has been among the highest in the world for almost two decades. Such a high rate reflects measurement problems rather than labor market inefficiency. After discussing the reasons why unemployment rates may not be comparable across countries and reviewing the tools that are available to analyze unemployment in a specific country, the study provides four pieces of evidence to substantiate its claim. Two of them relate to the criteria used in Tunisia to measure unemployment and the way these criteria have changed over time. Two use records on the number of active job seekers and vacancies as reported to the official employment agency. It is suggested that unemployment has declined steadily over time and remains an issue for first-time job seekers only.

Stein, L. (1982). Trade Adjustment Assistance as a Means of Achieving Improved Resource Allocation Through Freer Trade: An Analysis of Policies for Aiding the Import-Injured in the United States, Canada and Australia. American Journal of Economics and Sociology, 41(3), 243-256.

Theeuwes, J., Kerkhofs, M., & Lindeboom, M. (1990, Aug). Transition Intensities in the Dutch Labour Market 1980-85. Applied Economics, 22(8), 1043.

Using data from a set of retrospective questions in a national sample from the Netherlands on individual labor market experiences in the period 1980-1985, a three-state hazard model is estimated. Transitions are analyzed between three labor market states - employment: unemployment, the out-of-the-labor force, and between jobs (job mobility). Allowance is made for time-varying exogenous variables and duration dependence. The estimated transition rates allow prediction of individual probabilities of participation in the labor force and of employment and unemployment and to calculate expected lengths of stay in each of these labor market states as a function of personal characteristics and relevant demand conditions. It is found that age, education, and work experience are important variables to explain the labor market dynamics of both sexes. Family situation and children variables have an important influence on the female's labor force flows but not on that of the male. Significant duration dependence is found in only a few cases.

Trivedi, P. K. (1996). The Sensitivity of the Costs of Unemployment Benefits to Variations in the Key Program Parameters: Evidence from the G-7 Nations. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. GG1-GG58). Washington, DC: Advisory Council on Unemployment Compensation.

This paper presents a framework for evaluating the role of policy changes in the evolution of unemployment compensation (UC) expenditures. Within this framework UC expenditures are related to average weekly (or annual) benefits, initial or first time payments and average duration on unemployment compensation. These three variables in turn are modeled in terms factors which include policy variables that reflect changes in the scope, coverage and generosity of the UC system in each country. The modeling framework allows one to study the channels through which UC policy works. The framework is implemented econometrically using annual data for the 1960-93 period from five Organization for Economic and Community Development countries. The emphasis is on medium and long term cointegrating relations rather than short term dynamics. The econometric analysis helps to identify the reasons why the aggregate sensitivity of UC expenditures to cyclical variations in unemployment differs significantly in the five countries. Estimates are provided of the impact of past policy changes on the inflows into UC benefit pool and on the average of duration of compensation.

Yerbury, D. (1982, Jun). Redundancy: The Response of Australian Industrial Law. Australian Journal of Management, 7(1), 75-102.

In cases of employee redundancy due to technological innovation, Australia falls behind other industrialized nations in providing worker protection against job loss and compensation for lost jobs. The Australian government has been limited to act in the area of employee security because of constitutional, institutional, and legal constraints arising from the federal and state governments' duality of jurisdiction. In this review, an overview of Australian policy for employee security and the various institutions involved in this area is presented, and cases brought before the Australian Conciliation and Arbitration Commission are reviewed. A test case in progress is highlighted as offering the greatest potential for change at this time.

Interstate Competition

Bassi, L. J., McMurrer, D., & Vroman, W. (1998). Essays on Interstate Competition in the Unemployment Insurance System (UI Occasional Paper 98-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Determining the extent of economic competition among states is an extremely difficult undertaking. The papers in this volume attempt to shed light on this topic and quantify the effects of some aspects of competitive behavior. In particular, both studies attempt to measure the degree to which geographically adjacent states influence the unemployment insurance (UI) tax rates of their neighbors.

Using yearly UI state administrative data, Laurie Bassi and Dan McMurrer construct an economic model to explain

the change in state UI tax rates and to what degree interstate competition might be effecting those rates. In the second paper, Wayne Vroman provides a critique of the Bassi-McMurrer methodology and then constructs a different model to measure interstate competition's effects on UI tax rates. Vroman also offers an analysis of interstate competition in the Workers' Compensation Program. A set of closing comments provides an opportunity for Bassi and McMurrer to reply to Vroman's critique. (Summary written by UI Staff)

Hoyt, W. H. (1996). Interstate Competition in the UI Program. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. MM1-MM25). Washington, DC: Advisory Council on Unemployment Compensation.

Given that Unemployment Insurance (UI) operates as a joint Federal-state program, the flexibility offered to the states through federal mandates has led to a great variation in UI programs across states. The primary focus of this report is to develop an empirical model of the determinants of state UI policies, one in which state UI policies depend on the policies of other states, particularly those which compete for investment and which have a great degree of labor mobility. As an empirical matter, while the UI tax policies of all states may have some impact on wages and investment in a state, it is much more likely that the UI policies of adjacent states, closer competitors for investment, are going to have a more dramatic impact on UI policy. There are three major empirical implications of the model of interdependent UI policies: (1) The greater the state's economy, the higher the UI taxes; (2) The higher the UI tax rates in the neighboring or "competing" states, the higher the UI taxes in a state; and, (3) Larger neighboring or "competing" states will have a greater impact on the UI taxes in state than smaller states will.

Job Search

Black, M., & Carr, T. J. (1980). An Analysis of Nonsearch. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 527-542). Washington, DC: The National Commission on Unemployment Compensation.

Analyzes the phenomenon of nonsearch on the part of unemployment insurance (UI) claimants using data from the Seattle and Denver income maintenance experiments and state UI records. (Summary written by UI Staff)

Blau, D. M. (Jul 1992). An Empirical Analysis of Employed and Unemployed Job Search Behavior. Industrial & Labor Relations Review, 45(4), 738-752.

The job search activities of employed and unemployed job seekers are examined using self-reported data from the Employment Opportunity Pilot Projects baseline household survey of 1980. The results cast some doubt on the validity of standard models of job search behavior. Most notably, whereas such models predict that job seekers will not accept a job with a wage below their reservation wage, it is shown that 67 to 70 percent of unemployed searchers who accepted a job and ceased their search, and 95 percent of employed searchers who did so, settled for a wage lower than their estimated reservation wage. Although it is not possible to estimate confidence intervals for these findings, they appear to constitute fairly clear-cut grounds for rejecting the implications of standard job search models. The source of this rejection could be either poor data or a misspecified model.

Bloemen, H. G. (1997, Aug). Job Search Theory, Labour Supply and Unemployment Duration. Journal of Econometrics, 79(2), 305-325.

A structural model of sequential job search, in which the individual decision makers incorporate labor supply in the job acceptance decision, is presented. The model satisfies the reservation wage property. Given the level of the offered wage rate, individuals can choose the number of weekly working hours optimally, by maximizing utility subject to the budget constraint. Specific attention is paid to the stochastic specification. The utility function contains an unobserved random component, and the job offer arrival rate contains unobserved heterogeneity. The search model is used to construct a stationary model of unemployment duration. In estimating the model, simulation methods are used to integrate out unobserved heterogeneity. The goodness of fit of the model is examined by analysis of the residuals.

Bloemen, H. G. (1993). Job Search, Search Intensity, and Labour Market Transitions: An Empirical Exercise (Working paper). Tilberg Center for Economic Research.

Christensen, B. J., & Kiefer, N. M. (1991). The Exact Likelihood Function for an Empirical Job Search Model. Econometric Theory, 7, 464-486.

Cooke, W. N. (1981, Apr). The Behavior of Unemployment Insurance Recipients Under Adverse Market Conditions. Industrial & Labor Relations Review, 34(3), 386-395.

The role of unemployment insurance (UI) on job search behavior, particularly when market conditions are severe, is studied by examining the effect on job search behavior of changes in UI provisions and in labor market conditions. There are good arguments for assuming, on the one hand, that more generous benefits prolong job search and, on the other hand, that an increase in the rate of unemployment causes recipients to reduce reservation wages and, therefore, shorten their job search. The evidence from two samples of recipients in Maine during the period 1974-76, when a significant increase occurred in both the rate of unemployment and the maximum weeks of potential receipt of UI, suggests that the impact of increased unemployment offsets the effect of increased benefits. Extended benefit programs during periods of high unemployment do not cause recipients to ignore the realities of the market.

Corson, W., Kerachsky, S., & Kisker, E. E. (1988). Work Search Among Unemployment Insurance Claimants: An Investigation of Some Effects of State Rules and Enforcement (UI Occasional Paper 88-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Random Audit Program (and its successor the Quality Control Program) was established to verify unemployment insurance (UI) payments and assess how accurately these payments are made in accordance with the UI laws and regulations of each particular state. A payment error rate is calculated by this program as a measure of the performance of UI agency operations. These payment error rates, particularly those related to work search rules and requirements, may also be affected by the application, monitoring, and enforcement of work search rules. The purpose of this study is to determine the effects of UI work-search rules, the characteristics of claimants, and labor-market conditions on the work-search behavior of claimants. Due to underlying methodological problems, the findings presented in this report must remain tentative. (Summary written by UI Staff)

Davidson, C., & Woodbury, S. A. (1996). Further Aspects of Optimal Unemployment Insurance. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. CC1-CC71). Washington, DC: Advisory Council on Unemployment Compensation.

In this paper, prepared for the U.S. Department of Labor, the authors address "moral hazard" in the Unemployment Insurance (UI) System in the United States. This moral hazard is observed wherein the government wishes to provide a social safety net for those workers who have lost a job through no fault of their own and are actively seeking reemployment. Unfortunately, the government is unable to perfectly monitor the level of effort put forth by those seeking work, and receiving unemployment benefits. There also exists a trade-off between the level of benefits available to job-seekers and the job-seekers level of effort. The government wishes to set benefits high enough to support beneficiaries basic needs without setting them so high as to provide a disincentive for searching for work. Two factors are at play in this search for an optimal insurance model, the level of benefits and the length or duration of benefit eligibility. (Excerpted from Introduction)

Devine, T. J., & Kiefer, N. M. (1993). The Empirical Status of Job Search Theory. Labour Economics, 1(1), 3-24.

Engberg, J. B. (1992). The Impact of Unemployment Benefits on Job Search: Structural Unobserved Heterogeneity and Spurious Spikes (Working paper 92-6). Pittsburgh, PA: Carnegie Mellon University, Heinz School.

Ferrall, C. (1994, Jul). Unemployment Insurance and Youth Labor Market Behavior in Canada and the United States (IER Working Paper 904). Kingston, Canada: Queen's University, Institute for Economic Research.

To study how the design of unemployment insurance (UI) affects people leaving school to find jobs, a model of job search in the presence of UI is developed and estimated for the U.S. and Canada. The level of UI benefits depends upon previous earnings, a fact which creates opposing incentives for unemployed people not receiving benefits. Reservation wages of uninsured youth are found to be more sensitive to UI eligibility rules than to the length of the benefit period. The estimates are also used to analyze differences in preferences and labor market opportunities within the two countries.

Gonul, F. (1989, Spring). Dynamic Labor Force Participation Decisions of Males in the Presence of Layoffs and Uncertain Job Offers. The Journal of Human Resources, 24 (2), 195-220.

A dynamic labor force participation model with layoffs was developed and presented. When confronted with a high mean wage, a high variance in the wage or a low layoff probability, workers generally go through shorter durations of nonemployment and employment duration; when the frequency of job offers is raised, both durations tend to be lower.

Gorter, C., & Kalb, G. R. J. (1996, Summer). Estimating the Effect of Counseling and Monitoring the Unemployed Using a Job Search Model. The Journal of Human Resources, 31(3), 590-610.

This study examines the impact of the Counseling and Monitoring program for the unemployed with particular reference to their job finding rate, application intensity, and matching probability. The effectiveness of Counseling and Monitoring is measured by using a job search model in which the job finding rate is equal to the product of the application intensity and the matching probability. Counseling and Monitoring is an intensive job search assistance program designed to help unemployed people receiving unemployment benefits to find a job as quickly as possible. The empirical analysis is based on data from a social experiment. A sample of the inflow into unemployment was randomly assigned to a treatment and a control group. The empirical results, based on formal reduced-form models, show that Counseling and Monitoring does reduce the time taken to find a job because people participating in the program make more applications than those who are not participating, although no differences are found in matching probabilities.

Gorter, C., Nijkamp, P., & Rietveld, P. (1993). Barriers to Employment: Entry and Re-entry Possibilities of Unemployed Job Seekers in the Netherlands. De Economist, 141(1), 70-95.

The barriers to reemployment for unemployed job seekers are analyzed using duration models applied to Dutch data. The determinants included in the duration models are derived from an economic model of the different stages in the job search process. The estimation results show that age and nonlabor income have a significantly negative impact on the reemployment probability of unemployed job seekers. In addition, the hazard rate appears to be negative-duration-dependent. In the structural model, the rate at which unemployed job seekers find a job is decomposed into the application rate and the probability of receiving an actual job offer if an application is made. It is found that the low probability of becoming employed or reemployed is mainly caused by the low probability of receiving an actual offer. Furthermore, differences in the application intensity of unemployed job seekers can be explained by various personal characteristics, regional labor market conditions, length of unemployment, and search methods.

Jacobson, L., & Schwarz-Miller, A. (1981). The Effect of UI Administrative Screening on Job Search. Alexandria, VA: The Public Research Institute.

This study examines the effects of the unemployment insurance work test screening process.

Johnson, T. R., & Klepinger, D. H. (1994, Summer). Experimental Evidence on Unemployment Insurance Work-search Policies. The Journal of Human Resources, 29(3), 695.

Findings from an experimental evaluation of alternative work-search policies in the Unemployment Insurance program (UI) are discussed. The no-work-search treatment significantly increased UI receipt.

Johnson, T. R. & Klepinger, D. H. (1991). Evaluation of the Impacts of the Washington Alternative Work Search Experiment (UI Occasional Paper 91-4). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This work search experiment was conducted in Tacoma, Washington. It tested four work search approaches that ranged in philosophy from an "exception-reporting" approach with no specific work search directives or monitoring to an intensive reemployment assistance early in the unemployment spell. Approximately 10,000 new unemployment insurance (UI) claimants were randomly assigned to one of the four treatment groups during the July 1986 to August 1987 enrollment period. The results indicated that various work search policies have different and important consequences for the UI Trust Fund. For example, relative to the standard work search policy, the authors found that more intensive reemployment services treatment reduces UI payments on average of one-half a week, or, \$70 per claimant. This reduction is considerably larger than the increased administrative costs associated with this treatment. It appears that the impact, reducing UI duration, of this treatment is primarily due to raising the cost of remaining on UI rather than enhanced job search abilities. However, there is no evidence that the relatively rapid reemployment of claimants in this group occurs at the cost of lower earnings or hourly wage rates. The authors also found that the exception-reporting approach significantly increases UI outlays relative to the standard work search approach by approximately 3.3 weeks and \$265 per claimant. Given that the costs of monitoring work search activities are relatively modest these results taken together indicate that it would be prudent for states to maintain an active work search policy.

Jones, S. R. G. (1995, Aug). Effects of Benefit Rate Reduction and Changes in Entitlement (Bill C-113) on Unemployment Job Search Behaviour and New Job Quality. Canada: Human Resources Development Canada.

This paper investigates the effects of Bill C-113 on the durations of unemployment spells, the job-search behaviour of the unemployed, and the quality of new jobs (as measured by wages and hours worked) found after an unemployment spell. The study focuses primarily on a comparison of two groups, individuals subject to the legislation in effect prior to Bill C-113 (the "Before" sample), and those who had to cope with the Bill's less generous unemployment insurance (UI) provisions (the "After" sample).

The conclusions for unemployment durations can be summarized as follows: (1) the members of the Before group suffered less unemployment than members of the After group; (2) search inputs (number of search hours or expenses) or reservation wages do not vary systematically by cohort; and, (3) neither of the objective measures of new-job quality displayed a significant difference across the two cohorts, once relevant control variables were introduced. (Excerpted from Introduction)

Klepinger, Daniel H., Johnson, Terry R., Joesch, Jutta M., & Benus, Jacob M. (1997, Nov). Evaluation of the Maryland Unemployment Insurance Work Search Demonstration (UI Occasional Paper 98-2). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Maryland Unemployment Insurance (UI) Work Search Demonstration was designed to examine the effectiveness of alternative work search policies in the UI program. In Maryland, to be eligible to receive UI benefits at the time of the demonstration, claimants were required to search for work and to report two employer contacts made per week on their continued claims form. There was no review or verification of the reported contacts with employers, and no specific job search assistance services were offered as part of the work search policy. This relatively streamlined work search policy is similar to that used in other states at the time, although the specific number of employer contacts required and the extent to which they were reviewed varied across states. Very few states offered specific reemployment services as part of their general work search policy. Today, however, legislation mandates that intensive services are provided to targeted or profiled claimants. (Excerpted from Executive Summary)

KRA Corporation. (1995). The Work Search Test Under Extended Benefits. In Advisory Council on Unemployment Compensation: Background Papers, Volume I (p. E1-E5). Washington, DC: Advisory Council on Unemployment Compensation.

Existing research on the topic of the work search test has proven to be quite difficult to uncover. This document compiles a list of legislation regarding the work search test and extended unemployment benefits as well as the requirements for receipt of extended benefits. (Summary written by UI Staff)

Lardaro, L. P. (1980, Apr). The Effect of Unemployment Insurance on the Job Search Behavior of Young Adults in Indiana (Doctoral dissertation, Indiana University). Dissertation Abstracts International, 40 (10), 5529A.

Using the Continuous Wage and Benefit History of the Indiana Employment Security Division this study explores the effect of unemployment insurance on the jobless duration of young adults. Findings include: (1) a significant, positive relationship exists between real weekly benefit amount and duration; (2) significant intra-group differences with the work disincentive effect largest for the 16-19 year old group larger than for the 20-24 year olds; (3) significant differences by sex and race exist within in each age group; and, (4) the effects are significantly different in a recession year for each age group studied. (Excerpted from Dissertation Abstracts International)

Lindeboom, M., & Theeuwes, J. (1993, Aug). Search, Benefits and Entitlement. Economica, 60(239), 327.

In a simultaneous analysis of unemployment duration and search intensity, a non-structural search model accounting explicitly for two features of the benefit system is estimated - benefit level and time remaining until exhaustion of the entitlement period (residual entitlement). Special attention is paid to the number of search contacts as an indicator for search intensity. To assess the effect of the benefit level and residual entitlement on the number of search contacts, a Poisson model is estimated. The results suggest that benefits work through a reduction of search efforts, whereas residual entitlement is effective mainly through the reservation wage. It can be concluded that, at least in the Netherlands, the time dimension is more important than the financial dimension. It is also found that a number of search contacts, as an indicator of search intensity, has a positive influence on the probability of finding a job.

Lindeboom, M., van Ours, J., & Renes, G. (1994, Jan). Matching Employers and Workers: An Empirical Analysis on the Effectiveness of Search. Oxford Economic Papers, 46(1), 45.

The effectiveness of three different search channels - advertisements, public employment offices, and informal channels - are analyzed. The approach integrates search on both sides of the labor market. For each search channel the analysis specifies matching functions in which the number of vacancies and the number of searchers in that market are input variables. The results indicate clear differences between the effectiveness of the different search channels. This is caused not only by differences in efficiency but also by differences in the supply and demand ratio. Within a specific search channel large differences exist between employed workers and unemployed workers. Averaged over the search and recruitment channels, employed workers have a higher probability of success than unemployed workers. Advertisements and informal search channels are very effective in matching employed workers and vacancies. Employment offices and informal search are very effective at matching unemployed workers and vacancies.

Lippman, S. A., & McCall, J. J. (1980). Search Unemployment: Mismatches, Layoffs and Unemployment Insurance. Scandinavian Journal of Economics, 82(2), 253-272.

Lubin, C. R. (1980). The Employment Service Role in Unemployment Compensation. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 869-906). Washington, DC: The National Commission on Unemployment Compensation.

Discusses the history, functions and funding problems of the employment service as related to unemployment insurance. (Summary written by UI Staff)

Peck, J. C. (1992). UI Research Exchange: Utah Quality Control Improvement Study (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Nondeferred claimants who filed initial claims in the Salt Lake office on preselected days during the year of 1989 were included in this study. The claimants were given different instructions as to the number of employer contacts they would be required to make and report on their weekly claim cards in an attempt to determine the effects of differing claimant's work search reporting requirements.

St. Louis, R. D., Burgess, P. L., & Kingston, J. L. (1986, Winter). Reported vs. Actual Job Search by Unemployment Insurance Claimants. The Journal of Human Resources, 21(1), 92.

In most states, receipt of unemployment insurance (UI) benefits is conditional upon recipients being active job searchers. In the present study, UI recipients' reports of job search contacts were compared with their actual job search contacts as verified through in-person visits to reported contacts. For the weeks analyzed, recipients averaged 2.61 self-reported job contacts. However, actual job contacts averaged only 1.78 per week, and almost 20 percent of recipients made no job contacts at all. These results suggest that overreporting of job search in order to maintain UI benefits may lead to longer duration of unemployment and inflation of unemployment rates. In addition, the results contradict the traditional assumption that UI supports job search.

Stevens, D. (1977). Unemployment Insurance Beneficiary Job Search Behavior: What is Known and What Should be Known for Administrative Planning Purposes (UI Occasional Paper 77-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Since both legislative and administrative attention focuses on the current labor force commitment of UI beneficiaries, this paper addresses the active search and willingness to accept available (suitable) work criteria for maintaining continuing UI benefit eligibility. (Excerpted from Introduction)

Tannery, F. J. (1983, Summer). Search Effort and Unemployment Insurance Reconsidered. The Journal of Human Resources, 18(3).

Barron and Mellow (1979) developed a model of job search and estimated a search function in which unemployment insurance (UI) benefits play a key role. They demonstrated and empirically supported that search effort decreases concomitantly with the familiar increase in reservation wages when UI benefits are raised. Their work lends important support to the idea that UI weakens search incentives of the unemployed. The presented research maintains that Barron and Mellow's theoretical conclusions are altered if one assumes a more general relationship between the search inputs in their model. An empirical analysis is conducted to test the theory, using data obtained from the Job Finding Activities Survey, which gathered information on previous employment, search activity, and personal characteristics of people who found new jobs in 1972. Analysis of the data yields findings that are contrary to those obtained by Barron and Mellow. Results suggest that UI increases the intensity of an individual's search.

van den Berg, G. J. (1990, Apr). Nonstationarity in Job Search Theory. The Review of Economic Studies, 57 (190), 255-277.

Structural job search models are examined. A nonstationary structural model is estimated that focuses on the consequences of a downward shift in the level of benefits.

Williams, L. S. (1990). UI Research Exchange: Summary of Findings From the Alternative Work Search Experiment (UI Occasional Paper 90-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This experiment randomly selected 11,681 claimants from the Tacoma Job Service Center and divided them into four treatment groups representing different interpretations of the work search requirement. The claimants remained in the treatment groups throughout the duration of their benefit year. The analysis included comparisons based on duration, exhaustion rates, subsequent employment, total benefit-cost, and administrative cost for each group. The experiment produced clear evidence that a work search requirement can be a real incentive to return to work; however, there was very little difference between the Standard Work Search treatment and the two more intensive work search treatments. (Excerpted from Introduction)

Labor Market Effects, Indicators and Statistics

Adams, J. D. (1982). Permanent Differences in Unemployment Rates and Permanent Wage Differentials. Gainesville, FL: University of Florida, Department of Economics.

The purpose of this report is to estimate wage premiums for unemployment insurance benefits. Report also assesses the trend and level effects of the unemployment insurance system on individual unemployment.

Anderson, P. M. (1997). Continuing Eligibility: Current Labor Market Attachment. In Christopher J. O'Leary, & Stephen A. Wandner (Eds.) Unemployment Insurance in the United States: Analysis of Policy Issues (pp. 125-161). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Anderson, P. M., & Meyer, B. D. (1994). The Effect and Consequences of Job Turnover. Brookings Paper on Economic Activity, Microeconomics, 177-236.

Blanchard, L & Corson, W. (1983). A Guide to the Analysis of UI Recipients' Unemployment Spells Using a Supplemented CWBH Data Set (UI Occasional Paper 83-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The continuous Wage and Benefit History (CWBH) data base provides states and other users with a longitudinal data base on a sample of unemployment insurance (UI) claimants. This data base contains detailed information on UI claims and benefit receipt collected from UI records and on background demographic and economic variables collected from an interview administered at the time of each initial claim. While the CWBH data base by itself has many potential analytic uses of interest to UI policy makers, program administrators, and researchers, some research questions require additional data to be collected and used for analysis purposes.

Brainard, S. L., & Cutler, D. M. (1993, Feb). Sectoral Shifts and Cyclical Unemployment Reconsidered. The Quarterly Journal of Economics, 108(1), 219-243.

A new measure of reallocation shocks based on the variance of industry stock market excess returns is developed to assess the contribution of sectoral reallocation to unemployment in the postwar U.S. economy. The Beveridge Curve relationship is used to establish that this series isolates reallocation shocks. Reallocation shocks are found to explain only a moderate share of the fluctuations in aggregate unemployment on average over the period. However, reallocation accounted for a substantial share of increases in unemployment in several episodes, particularly the mid-1970s. Reallocation of shocks also account for a larger share of fluctuations in unemployment of longer durations than in unemployment of shorter durations.

Clark, K. B., & Summers, L. H. (1984, Sep). Unemployment Insurance and Labour Force Transitions (Working Paper No. 920). Cambridge, MA: National Bureau of Economic Research.

Clark, K. B., & Summers, L. H. (1979). Labor Market Dynamics and Unemployment: A Reconsideration. Brookings Papers on Economic Activity.

Cochrane, J. H. (1995, Dec). Shocks (Working paper no. W4698). Cambridge, MA: National Bureau of Economic Research.

What are the shocks that drive economic fluctuations? The author examines technology and money shocks in some detail, and briefly review the evidence on oil price and credit shocks and conclude that none of these popular candidates accounts for the bulk of economic fluctuations. The author then examines whether "consumption shocks", news that agents see but we do not, can account for fluctuations, and find that it may be possible to construct models with this feature, though it is more difficult than is commonly realized. If this view is correct, we will forever remain ignorant of the fundamental causes of economic fluctuations.

Corak, M. (1993). Unemployment Insurance Once Again: The Incidence of Repeat Participation in the Canadian UI Program. Canadian Public Policy, 19(2), 162-176.

Administrative data that cover roughly the period 1971-1989 are organized as a panel data set by individual in order to examine the extent and nature of repeat unemployment insurance (UI) use in Canada. A great deal of repeat use is documented, and the factors determining the likelihood that an individual will be a repeat UI participant are examined. Seasonal, regional, and industry-specific influences are important determinants. It is also found that the young are particularly prone to make repeated use of UI, as are individuals with a history of short employment spells and past UI participation. The findings are open to competing interpretations, but they nonetheless offer some guidance as to how to target active reforms of the UI program.

Danziger, S., Haveman, R., & Plotnick, R. (1981, Sep). How Income Transfer Programs Affect Work, Savings, and the Income Distribution: A Critical Review. Journal of Economic Literature, 19(3), 975-1028.

Public spending on income transfers, already high, has grown rapidly in recent years due to the enactment of new programs, the increase of benefit levels in most programs, and the loosening of eligibility requirements. It has been suggested that the problems of poverty and income insecurity that brought about the development of these programs are less serious now and that the efficiency costs of accomplishing further redistribution are large. However, there has been no consensus on the magnitude of the economic and redistributive effects of transfers. A review is presented of current literature on transfers' effects on labor supply, private savings, poverty, and income inequality. The nature and size of the transfer programs are described, expected factor supply and redistributive effects are discussed, empirical evidence is assessed, and research on the effects of proposed reforms in existing programs is surveyed. It is concluded that: (1) reforms can be designed to decrease work and savings disincentives without giving up the distributional effects that have been achieved, (2) reducing or eliminating current benefits will increase poverty and bring about only small increases in work effort and savings, and (3) research findings are too varied, uncertain, and colored with judgment to be more than a rough guide to policy decisions.

Devens, R. M. Jr., Leon, C. B., & Sprinkle, D. L. (1985, Feb). Employment and Unemployment in 1984: A Second Year of Strong Growth in Jobs. Monthly Labor Review, 108(2), 3-16.

In 1984, the employment situation reflected unusual rates of employment growth in the first two quarters, a pause in the summer months, and further employment growth in the final quarter of the year. As measured by the Current Population Survey, civilian employment totaled 106 million in the fourth quarter after seasonal adjustment. With the strong employment growth early in the year, unemployment continued to decline sharply; however, as job growth slowed, the unemployment decline slowed after midyear. At the end of the year, the unemployment rate in the total labor force was 7.1 percent, while in the civilian labor force it was 7.2 percent. An examination is made of key labor force time series, both for 1984 and in relation to the business cycle, and its effects on various social and economic groups. Emphasis is placed on groups such as minority workers, on families and their relationship to the labor market, and on certain industries that play major roles in changing the economy's employment structure.

Euzeby, A. (1988). Unemployment Compensation and Employment in Industrialized Market-Economy Countries. International Social Security Review, 41(1), 3-24.

Experts agree that unemployment is currently a major problem for most developed countries in the West. Though unemployment compensation is costly, it is a necessary correlation to essential economic and social objectives.

Fishe, R. P. H. (1980). Unemployment Insurance and Labor Market Behavior. Unpublished Doctoral dissertation, University of Florida.

Flinn, C., & Heckman, J. (1982, Jan). New Methods for Analyzing Structural Models of Labor Force Dynamics. Journal of Econometrics, 18(1), 115-168.

New econometric methods are presented for the analysis of labor force dynamics. The economic models discussed assume that rational agents make choices about their employment and labor force activity in the presence of uncertainty about fundamental aspects of their labor market environment. The economic theory of decision-making under uncertainty is used to produce three econometric models of dynamic discrete choice: (1) for a single spell of unemployment, (2) for an equilibrium two-state model of employment and nonemployment, and (3) for a general three-state model with a nonmarket sector. A fundamental condition required in this analysis is a recoverability condition that is implicit in all econometric analyses of truncated data. This condition must be fulfilled in order to recover an untruncated distribution from a truncated distribution with a known point of truncation. A recoverability condition will be fulfilled only if the untruncated distribution is assumed to belong to a parametric family. Most econometric models for the analysis of truncated data are nonparametrically underidentified, and the structural estimators often violate standard regularity conditions. The standard asymptotic theory is altered to explain this crucial characteristic of many structural models of labor force dynamics.

Gonul, F. (1989, Spring). Dynamic Labor Force Participation Decisions of Males in the Presence of Layoffs and Uncertain Job Offers. The Journal of Human Resources, 24 (2), 195-220.

A dynamic labor force participation model with layoffs was developed and presented. When confronted with a high mean wage, a high variance in the wage or a low layoff probability, workers generally go through shorter durations of nonemployment and employment duration; when the frequency of job offers is raised, both durations tend to be lower.

Hey, J. D., & Mavromaras, K. Gr. (1981, Dec). The Effect of Unemployment Insurance on the Riskiness of Occupational Choice. Journal of Public Economics, 16(3), 317-341.

The effect of unemployment insurance on the riskiness of occupational choice is investigated. In the model used, jobs have two characteristics: wage and riskiness in terms of security of tenure. It might be expected that risk-averse individuals would generally require some compensation in terms of an increased wage in order to be persuaded to accept a riskier job. This trade-off is examined along with the effects on it of provision (and type of provision) of unemployment insurance. The model is a partial equilibrium model similar to other job-search models. The environment in which the searcher is operating is treated as exogenous. The results show, perhaps surprisingly, that an earnings-related scheme encourages risk-taking behavior by the poor and risk-avoiding behavior by the rich, while a flat-rate scheme neither encourages nor discourages risk-taking. The analysis indicates a potentially fruitful specification of the reservation wage equation. Particularly, the riskiness of the job offer would seem to be an important explanatory variable in this equation, especially if the equation refers to the behavior of workers who are entitled to earnings-related unemployment benefits.

Houseman, S. N. (1995, Aug). Job Growth and the Quality of Jobs in the U.S. Economy (Working paper 95-39). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

During the 1980s employment grew rapidly in the United States, prompting many analysts to label the U.S. economy the great American job machine. But while aggregate employment increased rapidly during the 1980s, many did not benefit from the expansion. Among less educated prime-age males, unemployment rates rose and labor force participation rates declined sharply. Moreover, although job growth was high, many argued that the quality of

American jobs as measured by wages, benefits, and job security deteriorated. The decline of jobs in the high-paying manufacturing sector and the growth of jobs in the low-paying services sector, the growth in part-time and temporary employment, and the general decline in real wages among less-educated, less-skilled workers have been presented as evidence of an erosion in job quality.

Hung, N. M., & Lefebvre, P. (1981). On the Impact of Unemployment Insurance in a Keynesian Economy. L'Actualite Economique, 57(4), 525-585.

Jones, J. D., & Uri, N. D. (1990, Apr). A Re-Examination of the Structure of Unemployment. Applied Economics, 22(4), 493.

An examination is made as to whether there has been a structural change in the sensitivity of unemployment to the business cycle in the U.S. The analytical framework of the investigation rests on two functional relationships between unemployment and economic activity introduced by Thurow (1965). Quarterly data on real gross national product were obtained from the U.S. Department of Commerce, Bureau of Economic Analysis for the period 1948 to 1988. Results are conclusive in suggesting that there has been no change in sensitivity over the period examined. Thus, total unemployment and various categories, including sex, race, age, and industry of unemployment, are as sensitive to variations in the level of economic activity today as they were three decades ago.

Kletzer, L. G. (1993, Spring). Industry Wage Differentials and Wait Unemployment. Industrial Relations, 31, 250-269.

Long, A. (1980). The Simultaneous Determination of State Unemployment Insurance Benefit and State Unemployment Rates. Washington, DC: The Urban Institute.

This paper models and tests the simultaneity between unemployment insurance provisions and unemployment risks.

Loungani, P., & Trehan, B. (1997). Explaining Unemployment: Sectoral vs. Aggregate Shocks. Economic Review - Federal Reserve Bank of San Francisco, (1), 3-15.

Sectoral shifts, as measured by the stock market index, explain a significant proportion of the variation in the unemployment rate. To assess the quantitative role played by sectoral shifts, it is useful to compare the contribution of the dispersion index to that of the federal funds rate, which is the leading alternate source of unemployment fluctuations considered. Dispersion is roughly as important as the funds rate in accounting for fluctuations in the unemployment rate over the medium term, although at longer horizons, the funds rate is much more important. The dispersion index is considerably more important when explaining movements in long-duration unemployment: except at the very short horizons, the dispersion index accounts for a larger percentage of the forecast error variance than the funds rate. Recessions are not all alike. Sectoral shifts appear to account for the 1973-1975 recession. Monetary policy appears to have been the key player in the 1982 recession.

Marston, S. T. (1985, Feb). Two Views of the Geographic Distribution of Unemployment. The Quarterly Journal of Economics, 100(1), 57-80.

A study is undertaken to determine the extent to which equilibrium and disequilibrium factors can explain unemployment differentials between cities. The analysis is based on unemployment rates for 30 U.S. Standard Metropolitan Statistical Areas (SMSA) obtained from the Current Population Survey for years 1974-1978 and from the 1970 Census. Empirical results include: (1) the average migration rate between SMSAs is larger than the differences in unemployment rates between the areas over periods as short as one year; (2) shocks that disturb the steady-state relationship among the unemployment rates of the cities tend to be eliminated by mobility within a year; (3) on average, the unemployment differentials that are produced by shocks are smaller than the unemployment rate differentials that are compensated by other factors and so are equilibrium in nature; (4) equilibrium theory correctly predicts the relationship between unemployment rate differentials and other variables: high unemployment rate areas are characterized by high wages, high unemployment insurance, and attractive climates and amenities; and, (5) predictions of the disequilibrium theory do not hold among SMSAs.

Murphy, K. J. (1985, Jan). Geographic Differences in U.S. Unemployment Rates: A Variance Decomposition Approach. Economic Inquiry, 23(1), 135.

The determinants of the geographic dispersion of unemployment rates are analyzed using a model that recognizes that structural labor market relationships differ across areas and that area unemployment rates and some of the explanatory variables are determined simultaneously. Most important, the methodology provides an estimate of the effect of each of the explanatory variables on the overall dispersion of unemployment rates, allowing a comparison of competing hypotheses that purport to explain why areas vary so widely in terms of their unemployment rates. The analysis employs a set of cross-section time-series data for the period 1958 to 1978. The units of observation are states. Empirical results suggest that interarea differences in product market demand and in sensitivity to changes in conditions in the product market are the most significant determinants of geographic differences in unemployment rates. More generally, the results show that rates differ widely across areas not so much because areas differ in terms of the underlying characteristics that determine unemployment rates, but because areas are so heterogeneous with regard to labor market structure.

Murphy, K. J., & Hoffer, R. A. (1984, May). Determinants of Geographic Unemployment Rates: A Selectively Pooled-Simultaneous Model. The Review of Economics and Statistics, 66(2), 216.

An attempt is made to model correctly the determinants of state unemployment rates in the U.S. at the disaggregate level and to obtain consistent parameter estimates for the variables of interest by taking into account simultaneous relationships among a subset of the explanatory variables and the dependent variable. The procedure allows certain subsamples of the data to be selectively pooled, resulting in more reliable parameter estimates than could otherwise be obtained were the data disaggregated to the state level. The models are estimated using two-stage least squares. Considerable heterogeneity is found across areas in the ways in which unemployment rates are determined. Thus, government programs aimed at alleviating high unemployment should be tailored to the specific exigencies of a given area.

Murphy, K. M., & Topel, R. (1997, May). Unemployment and Nonemployment. The American Economic Review, 87(2), 295-300.

The recent histories of unemployment and nonemployment among American men are evaluated. Nonemployment includes potential workers who choose not to seek employment, and so are counted as out of the labor force in official employment statistics. Using data on American men since 1967, the main conclusion is that the unemployment rate has become progressively less informative about the state of the labor market. It is found that long-term changes in labor demands have reduced the returns to work, most notably among the least skilled.

Osberg, L. (1991, Nov). Unemployment and Interindustry Labour Mobility in Canada in the 1980s. Applied Economics, 23(11), 1707.

The determinants of interindustry labor mobility and its relationship to the unemployment rate are examined using Labour Force Survey data on Canadian workers for the periods 1980-1981, 1982-1983, and 1985-1986. A dynamic reallocation model that predicts a positive relationship between unemployment and interindustry mobility is contrasted with the older Keynesian perspective that implies a negative relationship between interindustry mobility and unemployment. The results indicate that a mismatch between desired and actual hours produces continual interindustry mobility in modern labor markets. Qualified support is found for the view that high rates of unemployment "chill" the labor market and inhibit interindustry mobility. In general, the results underline the cyclical sensitivity of microeconomic behavior and, in particular, labor market mobility.

Saffer, H. (1983). The Effects of Unemployment Insurance on Temporary and Permanent Layoffs. Review of Economics and Statistics, 65(4), 647-652.

Smyth, D. J. (1984). The Effects of Unemployment Benefits on Employment, Unemployment and Real Wages. Detroit, Michigan: Wayne State University.

The Brookings Institution. (1984). The Decline in Insured Unemployment During the 1980s. Washington, DC: Author.

The main purpose of this study is to examine the pattern of insured and total unemployment over the past three decades in an attempt to explain the recent sharp divergence in the pattern of the insured unemployment rate and the total unemployment rate.

Topel, R. H. (1984). Equilibrium Earnings, Turnover and Unemployment: New Evidence. Santa Monica, CA: Unicon Research Corporation.

The author estimates a three-state model of employment and unemployment that identifies determinants of individuals' rates of entering and leaving unemployment and then estimates the effects on the distribution of wages.

U.S. Department of Labor, Bureau of Labor Statistics. (1996). The Employment Situation: December 1996. Washington, DC: Author.

Weitzman, M. L. (1982, Dec). Increasing Returns and the Foundations of Unemployment Theory. Economic Journal, 92(368), 787.

The two basic macroeconomic approaches to unemployment are examined. The two are: (1) the rational expectation view that sees the economy as near Walrasian equilibrium, and (2) the approach that views unemployment as a characteristic of an economy in a state of temporary fixed-price disequilibrium. Considering the contrasts of these opposite schools of thought, a third view is developed to be consistent with the theory of steady state unemployment. Increasing returns to scale is the cornerstone of this new approach. Along with the analysis, a simple model of extremely symmetrical properties is presented. With the emphasis on increasing returns to scale, the major obstacle to the classical approach to unemployment is disclosed. In short, Say's Law for full employment can be stymied indefinitely by the increasing returns. In the Keynesian vein, it is demonstrated how underemployment can persist due to weakness in the economy's self-correcting forces.

Models & Modeling

Acemoglu, D., & Shimer, R. (1998, Aug). Efficient Unemployment Insurance (Working paper no. W6686). Cambridge, MA: National Bureau of Economic Research.

This paper constructs a tractable general equilibrium model of search with risk-aversion. An increase in risk-aversion reduces wages, unemployment, and investment. Unemployment insurance (UI) has the reverse effect due to market generated moral hazard: insured workers seek high wage jobs with high unemployment risk. An economy with risk-neutral workers achieves maximal output without any UI. In contrast, in an economy with risk-averse workers, a positive level of UI maximizes output. Therefore, moderate UI not only improves risk-sharing but also increases output.

Burdett, K., & Hool, B. (1983, Aug). Layoffs, Wages and Unemployment Insurance. Journal of Public Economics, 21(3), 325-357.

The influence of unemployment insurance (UI) on wage and layoff behavior is analyzed in the context of optimal labor contracts. The decision problems of the firm and workers are discussed and the set of optimal contracts outlined. The responses of optimal contract terms to changes in the economic environment are analyzed using a

two-state model of optimal labor contracts that encompasses the pertinent features of the models of Azariadis (1975) and Feldstein (1976). When the UI parameters are exogenously specified, the set of contract choice variables reduces the wage and the probability of employment in the state with layoffs. The qualitative nature of an optimal contract depends on the sign of a measure of the equivalent money value of being employed rather than temporarily unemployed. Analysis indicates that Feldstein's conclusion that layoffs would be reduced by an increase in experience rating does not necessarily hold.

Burgess, P. L., Kingston, J., St. Louis, R., & Sloan, J. (1981). Can Benefit Adequacy be Predicted on the Basis of UI Claims and CWBH Data? (UI Occasional Paper 81-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report assesses the feasibility of developing an econometric methodology for studying benefit adequacy. The authors specifically attempt to determine if equations could be developed to predict accurately the values of a benefit adequacy measure for individual unemployment insurance (UI) beneficiaries on the basis of: (1) information normally available as a result of the processing of UI claims, and (2) such normally available UI information combined with data available through the Continuous Wage and Benefit History program. (Summary written by UI Staff)

Chalkley, M. (1991, Jan). Monopsony Wage Determination and Multiple Unemployment Equilibria in a Non-Linear Search Model. The Review of Economic Studies, 58(193), 181.

The analysis of wage determination in a search environment is extended to the case where firms employ numerous individuals and benefit from team production. Monopsony wage offers may display perverse comparative statics properties.

Christensen, B. J., & Kiefer, N. M. (1997, Aug). Inference in Non-linear Panel Models with Partially Missing Observations: The Case of the Equilibrium Search Model. Journal of Econometrics, 79(2), 2014-219.

A thorough econometric analysis of the pure equilibrium search model is presented. Minimal data requirements for estimation are unemployment durations, wages, and employment durations. An assessment of the information contribution of each data element is given. The results define the range of potential application of the equilibrium search framework and form the foundation for future econometric analysis of related models.

Davidson, C., Martin, L., & Matusz, S. (1987, Dec). Search, Unemployment, and the Production of Jobs. The Economic Journal, 97(388), 857-877.

A simple two-sector general equilibrium model is proposed and analyzed. The model incorporates some real world frictions that keep factor markets from functioning perfectly. It focuses on the economy's performance when search is required for finding employment and when the duration of unemployment varies across sectors. The model assumes that factor markets are frictionless in one sector, so the duration of unemployment is zero. In the second sector, idle factors of production must actively search each other out in order to produce. There are two types of agents, each with an indivisible unit of leisure that may be consumed or offered as labor. In the frictionless sector, the workers are never unemployed and always earn the value of their marginal product. In the other sector, a worker must find a suitable partner with whom to work or remain idle and earn nothing. The analysis shows that productive efficiency may not be necessary for Pareto optimality.

Davidson, C., Martin, L., & Matusz, S. (1991, Aug). Multiple Free Trade Equilibria in Micro Models of Unemployment. Journal of International Economics, 31(1-2), 157.

Neoclassical theory suggests that trade patterns are linked to autarkic differences in relative opportunity costs. When the Heckscher-Ohlin-Samuelson model is extended to allow for unemployment, there are forces present that create multiple free trade equilibria and there is no necessary link between relative opportunity costs and trade patterns.

Eckstein, Z., & Wolpin, K. I. (1990, Jul). Estimating a Market Equilibrium Search Model from Panel Data on Individuals. Econometrica, 58(4), 783-808.

The feasibility of estimating a Nash labor market equilibrium model using only information on workers is demonstrated. The model does not do well in fitting the unemployment duration distribution compared to the unrestricted model.

Eisenhauer, J. G. (1994, Oct). Saving and Social Insurance. Bulletin of Economic Research, 46(4), 341-345.

The idea that risk averters save to guard against potential income losses has a strong intuitive appeal. In a model which is both intertemporal and uncertain, it is shown that risk averters increase saving in response to increases in the probability of income loss and reduce saving in response to social insurance. Precautionary saving is a response to risk. Risk has traditionally been said to increase (decrease) if the variance of income rises (falls) while expected income remains the same. The model provides a robust foundation for empirical research and policy evaluation. The results are confirmed by Grossberg's (1991) data, showing that saving responds more to expected future income than to variance and that entitlement to unemployment insurance raises consumption.

Erksoy, S., Osberg, L., & Phipps, S. (1995, Aug). The Distributional Implications of Unemployment Insurance: A Micro-Simulation Analysis. Canada: Human Resources Development Canada.

The aim of this paper is to examine the importance of behavioral response for the redistributive incidence of unemployment insurance. The first part of the report discusses the microsimulation methodology for analyzing redistributive impacts over the course of a business cycle, the concept of a behavioral microsimulation model, and the data sets used for analysis. The second part presents the estimation results for the behavioral equations of the model, a summary of assumptions used to calculate the redistributive impact of Unemployment Insurance, and the main results.

Ferris, J. S., & Plourde, C. G. (1982, Aug). Labour Mobility, Seasonal Unemployment Insurance, and the Newfoundland Inshore Fishery. The Canadian Journal of Economics, 15(3), 426-441.

The effects of seasonal unemployment insurance on the size and efficiency of the Newfoundland Inshore Fishery are considered. A model of the inshore fishery is developed that focuses on some of the factors that influence the fisherman's choice between occupational alternatives. The model is then altered to include the incentives introduced by the 1957 extension of the unemployment insurance program to the fishery. The analysis suggests that, in the absence of resource management, the ability of the program to raise per capita inshore income will be only temporary. Over the long run, the gain will be dissipated by the scale expansion of the industry. The full model is tested against the available data for the 1954-1970 period. Although the evidence is not strong, it does suggest that the extension of the seasonal unemployment insurance to the inshore fishery resulted in an expansion of the size of the inshore fishery as predicted.

Gourieroux, C., & Magnac, T. (1997, Aug). Duration, Transition and Count Data Models: Introduction. Journal of Econometrics, 79(2), 195-199.

Duration, transition and count data models have very close links. Generally speaking, these models are designed for econometric analysis of dynamic discrete processes in continuous time. A seminal field of application of these methods is labor economics where the objects of interest are individual labor market histories. Duration methods can be used for analyzing extracts of labor markets histories such as unemployment or employment durations. Transition models are generalizations of duration methods for modeling complete labor market statistics. Count data models apply to summaries of histories such as the number of transitions into employment.

Gourieroux, C., & Scaillet, O. (1997, Oct). Unemployment Insurance and Mortgages. Insurance, Mathematics & Economics, 20(3).

Mortgages including the possibility of unemployment insurance is considered. The insurance company pays the cash flows of the credit as soon as the borrower becomes unemployed, for a maximal number of payments fixed in the contract. A probabilistic model is developed for describing the cash flows paid by the insurance company. Unemployment, job search, and prepayment phenomena are taken into account. With such a model it is possible to study the probabilistic properties of the cash flow pattern as a function of the age of the credit. Finally, the estimation of the parameters of such a model and its use for pricing the insurance contract are discussed.

Gritz, R. M., & MaCurdy, T. (1997, Apr). Measuring the Influence of Unemployment Insurance on Unemployment Experiences. Journal of Business & Economic Statistics, 15(2), 130-152.

The comprehensive effects of unemployment insurance (UI) policies on the amount of time and unemployment that individuals report between jobs are studied. The econometric model jointly determines the effects of UI on the lengths of unemployment spells, the classification of these spells as unemployment, and the likelihood of collecting program benefits. The model carefully attempts to isolate variation in UI benefits attributable to differences in generosity across programs to avoid biases in estimating policy effects induced by other contaminating sources of benefit variation. It is found that UI recipients typically experience longer spells between jobs and report substantially larger fractions of these spells as unemployment.

Hey, J. D., & Mavromaras, K. Gr. (1981, Dec). The Effect of Unemployment Insurance on the Riskiness of Occupational Choice. Journal of Public Economics, 16(3), 317-341.

The effect of unemployment insurance on the riskiness of occupational choice is investigated. In the model used, jobs have two characteristics: wage and riskiness in terms of security of tenure. It might be expected that risk-averse individuals would generally require some compensation in terms of an increased wage in order to be persuaded to accept a riskier job. This trade-off is examined along with the effects on it of provision (and type of provision) of unemployment insurance. The model is a partial equilibrium model similar to other job-search models. The environment in which the searcher is operating is treated as exogenous. The results show, perhaps surprisingly, that an earnings-related scheme encourages risk-taking behavior by the poor and risk-avoiding behavior by the rich, while a flat-rate scheme neither encourages nor discourages risk-taking. The analysis indicates a potentially fruitful specification of the reservation wage equation. Particularly, the riskiness of the job offer would seem to be an important explanatory variable in this equation, especially if the equation refers to the behavior of workers who are entitled to earnings-related unemployment benefits.

Hofler, R. A., & Murphy, K. J. (1989, May). Using a Composed Error Model to Estimate the Frictional and Excess-supply Components of Unemployment. Journal of Regional Science, 29(2), 213.

A plausible and simple method of estimating the two components of unemployment - frictional and excess supply - is presented. The method uses a stochastic model whose error term is composed of two elements - the usual two-sided error and a one-sided error. The strengths of the method presented include: (1) the ability to model explicitly the universally held view that there is a nonzero lower bound on unemployment, and (2) easy determination of whether each region's unemployment rate is caused mainly by excess supply or frictional forces. The technique is illustrated on a set comprised of all fifty states over the period 1960-1979. Estimation of the frictional rates of unemployment allows analysis of the underlying economic and demographic determinants of differences in frictional unemployment rates across states and over time. Results suggest that U.S. frictional unemployment has been rising and that unemployment variation has been due primarily to excess-supply factors in regions with concentrations of relatively cyclically sensitive industries.

Hogan, S., & Ragan, C. (1995, Nov). Employment Adjustment Versus Hours Adjustment: Is Job Security Desirable? Economica, 62(248), 495.

A theoretical framework is presented for examining the desirability of job security. Its focus is on the relationship between job security and labor market turnover and the implications of this relationship for the nature of labor

market equilibrium. Firms can adjust to shocks by laying off and hiring workers or by adjusting the hours worked by each worker. The adjustment of hours provides job security for employed workers. Adjustment of employment generates higher labor market turnover and thus better job prospects for the unemployed. Since high turnover lowers the expected cost of being laid off by reducing the expected duration of unemployment, there is a strategic complementarity between firms in the provision of job security. This gives the possibility of multiple equilibria with different amounts of turnover.

Jaeger, A., & Parkinson, M. (1994, Feb). Some Evidence on Hysteresis in Unemployment Rates. European Economic Review, 38(2), 329-344.

The Organization for Economic Cooperation and Development area has seen a remarkable disparity in unemployment experience between member countries over the last twenty years. While most countries have suffered higher unemployment due to the cyclical downturn in activity since 1991, some appear to have suffered from a rising natural rate of unemployment since the mid-1970s. An analysis attempts to determine to what extent hysteresis effects, as opposed to natural rate shocks, have determined the course of unemployment since 1961 in four major economies: Canada, Germany, the United Kingdom, and the U.S. The analysis uses an unobserved components model of the unemployment rate to provide an operational definition of hysteresis. For the first three countries, the analysis shows that hysteresis effects are important in accounting for persistent movements in unemployment rates. Hysteresis effects appear to be relatively unimportant in explaining movements in the U.S. unemployment rate.

Jenicke, L. O. (1980, Sep). Simulating the Effect of Alterations to the Unemployment Insurance System in Michigan (Doctoral dissertation, Michigan State University). Dissertation Abstracts International, 41 (3), 1127A.

This dissertation documents two simulation models of components of the labor force system in Michigan and explains their use in the design and evaluation of an alternative structure for the unemployment insurance system. The revised structure, referred to as the three-tier unemployment insurance system, was designed as a program which would replace the existing system. A set of design and evaluation criteria were identified to assist in the construction of the three-tier unemployment insurance model and to assess the effectiveness of the three-tier concept relative to the existing unemployment insurance system. The effectiveness of the three-tier system was demonstrated by operating the models of the three-tier and existing systems in a changing unemployment environment. A series of hypothetical unemployment rate profiles as well as historical exogenous inputs were imposed on both models. In general, the model of the three-tier system met the evaluation criteria better than the model of the current system. The experimental results indicated that the three-tier system provided the same level of client support as the current system during periods of high unemployment and over extended periods of time costs less than the current system. (Excerpted from abstract in Dissertation Abstracts International)

Jones, S. R. G. (1986, Aug). Unemployment Insurance and Involuntary Unemployment: The Case of Adverse Selection. Journal of Public Economics, 30(3), 317.

Examination is made of the public and private provision of unemployment insurance in a model in which equilibrium unemployment results from the use of the wage as a worker selection device. It is demonstrated that private provision will not take place, essentially because those workers most desired by a firm place least value on such coverage. Respecting the same informational constraints, public provision necessarily gives rise to some distortions in participation decisions, but nevertheless, is welfare improving in the aggregate. It is shown how, contrary to some earlier studies, firms will not wish to supply unemployment insurance, even if explicit and enforceable contracts are available and even if its applicant pool members are risk averse. Findings reveal that public insurance against involuntary unemployment is always beneficial. Results of these two methods were remarkably different, suggesting that factors known to the agent and critical in the determination of the reservation wage were omitted in the single-equation procedure. Correction made by using benefits as an instrument led to estimates that were both statistically significant and intuitively sensible.

Kiefer, N. M., & Neumann, G. R. (1981). Structural and Reduced Form Approaches to Analyzing Unemployment Durations. In Sherwin Rossen's (Ed.) Studies in Labor Markets (pp. 171-185). Illinois: University of Chicago Press.

Loungani, P., Rush, M., & Tave, W. (1990, Jun). Stock Market Dispersion and Unemployment. Journal of Monetary Economics, 25(3), 367.

The sectoral shifts hypothesis, advanced by Lilien (1982) and Davis (1987), suggests that unemployment is, in part, the result of resources being reallocated from declining to expanding sectors of the economy. Using US data from 1931 to 1987, this hypothesis is tested by constructing an index measuring the dispersion among stock prices from different industries. It is found that lagged values of this index significantly affect unemployment. It is shown that the stock market dispersion index is less contaminated by aggregate demand influences than Lilien's employment dispersion index, which makes the test less vulnerable to the Abraham and Katz (1986) critique for two reasons. First, the contemporaneous correlation between unemployment and dispersion may largely reflect the differential impact of aggregate demand shocks on sectors. Second, the Abraham-Katz methodology was used to construct an alternate index, which captured the movements in stock market dispersion attributable to aggregate demand shocks.

Merz, M. (1997, May). A Market Structure for an Environment with Heterogeneous Job-matches, Indivisible Labor and Persistent Unemployment. Journal of Economic Dynamics & Control, 21(4,5), 853-872.

The Mortensen-Pissarides (1993,1994) model with heterogeneous job-matches and persistent unemployment has become a popular workhorse for studying aggregate phenomena in the labor market. A microeconomic structure decentralizing a generalized social planner's version of this model is developed. It is shown in the presence of the indivisibility of labor, heterogeneous job-matches, and persistent unemployment, that different households can fully insure themselves against variations in wealth, if they have access to a complete insurance market.

Mortensen, D. T., & Pissarides, C. A. (1994, Jul). Job Creation and Job Destruction in the Theory of Unemployment. The Review of Economic Studies, 61(208), 397.

A model of job-specific shock process in the matching model of unemployment with non-cooperative wage behavior is developed by obtaining endogenous job creation and job destruction processes and studying their processes. In simulations, it is demonstrated that an aggregate shock process proxies reasonably well the cyclical behavior of job creation and job destruction in the U.S.

Murphy, K. J. (1985, Jan). Geographic Differences in U.S. Unemployment Rates: A Variance Decomposition Approach. Economic Inquiry, 23(1), 135.

The determinants of the geographic dispersion of unemployment rates are analyzed using a model that recognizes that structural labor market relationships differ across areas and that area unemployment rates and some of the explanatory variables are determined simultaneously. Most important, the methodology provides an estimate of the effect of each of the explanatory variables on the overall dispersion of unemployment rates, allowing a comparison of competing hypotheses that purport to explain why areas vary so widely in terms of their unemployment rates. The analysis employs a set of cross-section time-series data for the period 1958 to 1978. The units of observation are states. Empirical results suggest that interarea differences in product market demand and in sensitivity to changes in conditions in the product market are the most significant determinants of geographic differences in unemployment rates. More generally, the results show that rates differ widely across areas not so much because areas differ in terms of the underlying characteristics that determine unemployment rates, but because areas are so heterogeneous with regard to labor market structure.

Murphy, K. J., & Hoffer, R. A. (1984, May). Determinants of Geographic Unemployment Rates: A Selectively Pooled-Simultaneous Model. The Review of Economics and Statistics, 66(2), 216.

An attempt is made to model correctly the determinants of state unemployment rates in the U.S. at the disaggregate level and to obtain consistent parameter estimates for the variables of interest by taking into account simultaneous relationships among a subset of the explanatory variables and the dependent variable. The procedure allows certain subsamples of the data to be selectively pooled, resulting in more reliable parameter estimates than could otherwise be obtained were the data disaggregated to the state level. The models are estimated using two-stage least squares. Considerable heterogeneity is found across areas in the ways in which unemployment rates are determined. Thus, government programs aimed at alleviating high unemployment should be tailored to the specific exigencies of a given area.

Oswald, A. J. (1986, Jun). Unemployment Insurance and Labor Contracts Under Asymmetric Information: Theory and Facts. The American Economic Review, 76(3), 365.

An attempt is made to show that traditional implicit contract theory can be combined with the assumption of asymmetric information. Data on U.S. labor contracts are examined that provide information about the extent of Supplemental Unemployment Benefit plans and severance pay. The contracts are for the years 1970, 1975, and 1980 and cover approximately six million unionized employees. A model of a labor contract under asymmetric information is presented in which workers cannot rely on the firm to make unemployment benefit payments. The combination model presented has properties different from those in the literature and can lead to equilibria in which there are both involuntary unemployment and inefficiently high unemployment. A central assumption is that workers do not receive unemployment insurance from their employers.

Paldam, M. (1987). How Much Does One Percent of Growth Change the Unemployment Rate? A Study of 17 OECD Countries, 1948-1985. European Economic Review, 31(1,2), 306.

An attempt is made to determine how much the unemployment rate is changed when a nation's economy shows a one percent growth rate. Data from seventeen Organization for Cooperation & Economic development countries for the years 1948 to 1985 are used to examine the question. Two series, the real growth rate and the first difference to the unemployment rate, are shown to have an almost white noise quality (AWN-quality). The AWN-quality means the classical statistical correlation technique becomes optimal when analyzing the relation between the two series. The analysis shows that there are two Okun peaks, based on Okun's Law (Okun, 1970). There is a primary Okun peak when the first difference to the unemployment rate falls the same year the real growth rate goes up. There is a secondary Okun peak when the first difference goes down the following year. The analysis shows that one percent growth changes the unemployment rate by one-quarter of a percentage point. Various modifications of the findings are briefly discussed.

Saffer, H. (1980). The Financing System: An Econometric Model. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 921-938). Washington, DC: The National Commission on Unemployment Compensation.

Shin, K. (1997, Feb-1997, Mar). Sectoral Shocks and Movement Costs: Effects on Employment and Welfare. Journal of Economic Dynamics & Control, 21(2,3), 449-471.

A general equilibrium model of a two-sector economy which accounts for low employment due to the incomplete responses of workers to sectoral shocks is outlined. This model is used to reconcile the seemingly contradictory results of macro and micro evidence; namely that sectoral shocks explain fluctuations of employment even though cyclical movements of labor across sectors is not observed. It is found that increasing the frequency of sectoral shocks, holding the magnitude of the shocks fixed, decreases the total employment. This explains why the unemployment rate has risen since 1970, a period characterized by an increased frequency of sectoral shocks. The theoretical implications of two opposite policies are also examined: one which subsidizes mobility and the other which eliminates the partial insurance provided in the model. The former increases employment and welfare while the latter increases employment but reduces welfare.

Thomas, J. M. (1996). An Empirical Model of Sectoral Movements by Unemployed Workers. Journal of Labor Economics, 14(1), 126-153.

Weitzman, M. L. (1987, Mar). Steady State Unemployment Under Profit Sharing. The Economic Journal, 97(385), 86.

An attempt is made to explain how asymmetric treatment of high-seniority (insider) workers and nontenured (outsiders) can give rise to bad macroeconomic steady states in a wage economy. The ultimate source of the unemployment-inflation dilemma is the idea that low-seniority outsider workers wind up unemployed because they have too little voice in wage negotiations. Then, profit sharing is considered as a possible alternative payment mechanism having the automatically corrective incentive property that employers always want to hire more outsiders. Given the assumptions of the model, it is demonstrated that widespread profit sharing will result in lower unemployment and more output, even though it is individually rational for insiders always to prefer wages over profit shares. In other words, a wage system has a negative macroeconomic externality, while a profit-sharing system has favorable externality effects on employment and, indirectly, on price stability. If this logic is accepted, the path is open for government policy to encourage widespread profit sharing.

Older Workers

Barsby, S. L. (1980). The Unemployment Experience of Older Workers and the Transition to Retirement. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 719-736). Washington, DC: The National Commission on Unemployment Compensation.

Examines the labor force experiences of older workers.

Brandt, E., & Corwen, L. (1987). Fifty and Fired: How to Prepare for It; What to do When it Happens. Bedford, MA: Mills and Sanderson.

Hamermesh: Daniel S. (1980). Unemployment Insurance and the Older American. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Contents include: unemployment insurance (UI) and pensioners provisions and problems; pensions and UI effects on income distribution; UI and consumption among older workers; UI and retirement work incentive or disincentive, windfall or discouragement; the role of UI in the labor market for older workers conclusions and suggested reforms.

Prisoners & Ex-Offenders

Mallar, C. D., & Thornton, C. V. D. (1980). Unemployment Insurance and Ex-Offenders. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 755-758). Washington, DC: National Commission on Unemployment Compensation

Estimates the magnitude of unemployment insurance entitlement lost while prisoners are incarcerated and out of the labor market. (Summary written by UI Staff)

Private Unemployment Insurance

Chiu, W. H., & Karni, E. (1998, Aug). Endogenous Adverse Selection and Unemployment Insurance. The Journal of Political Economy, 106 (4), 806-827.

How the presence of private information may explain the failure of the private sector to provide unemployment insurance is considered. In particular, it is shown how the interaction of private information regarding employees' preferences for work with the unobservable level of effort exerted on the job may explain the absence of private unemployment insurance. The implications of the findings for the role of the public sector in providing unemployment insurance is reflected upon.

Rejda, G. E. (1996, Jul). Unemployment Compensation: A Proposal for an Optional System of Self-Insurance. Journal of the American Society of CLU and ChFC, 64-75.

Sniderman, M. S. (1980). Unemployment Insurance: A Case for a Private System. Federal Reserve Bank of Cleveland Economic Review, 19-32.

This article briefly summarizes the history and operation of the U. S. Unemployment Insurance System and examines several aspects of the program design. Particular attention is paid to welfare economics issues and insurance aspects of the system.

Thorne, R. P. Paying People Not to Work: The Unemployment Insurance System (Policy Report No. 133). Dallas, TX: The National Center for Policy Analysis.

Attractive benefits have resulted in an unemployment compensation system that discourages job training, relocation and the development of new skills. Error in payment are widespread, often resulting in overpayment. The suggested solution is privatization, where workers and employers would contribute to private accounts controlled and managed by the workers.

Quality Control and Random Audits

Arkansas Employment Security Division, Research and Analysis Section. (1988). UI Research Exchange: Analysis of Benefit Payments for Positive and Negative Balance Employers (UI Occasional Paper 88-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report traces benefit charges by type of charge for fiscal years 1983 to 1986.

Burgess, P. L., Blakemore, A. E., & Low, S. A. (1995). Improving Employer Compliance with Unemployment Insurance Tax Reporting Requirements. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. Q1-Q54). Washington, DC: Advisory Council on Unemployment Compensation.

Previous research on employer noncompliance with Unemployment Insurance (UI) tax reporting requirements demonstrated potentially widespread and costly underreporting. Nationally, it is estimated that employers underreported over \$70 billion of total wages and \$728 million of UI taxes for 1987. This study, using the same data set as the previous study, seeks to determine if statistical profiles of employer reporting tendencies can be developed in order to detect the noncompliance of individual employers and better target UI auditing resources. The cost-effectiveness of various statistical profiles (based on an in-house economic model of tax evasion) is tested. The results of targeting audit resources on "high-risk" firms identified in our statistical profiles are compared to the results of using alternative auditing strategies, including random auditing, the preferred method of most states. The statistically-based systematic profiles perform far better at detecting large amounts of unreported tax liabilities than current auditing strategies. By using similar profiles, the UI System could potentially collect substantial tax revenue that is currently unreported, as well as induce many more firms to voluntarily comply with UI tax reporting requirements. (Excerpted from Abstract)

Cohen, M. S. (1996). The Unemployment Insurance Data System. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. TT1-TT24). Washington, DC: Advisory Council on Unemployment Compensation.

The purpose of this briefing is to provide a nontechnical summary of the issues involved with regard to data generated by the Unemployment Insurance (UI) System. The briefing: (1) describes the data, (2) identifies current uses of the data, (3) explores ways in which the data can be improved, and (4) discusses some of the tradeoffs to be considered in improving the data. (Excerpted from Introduction)

Colorado Department of Labor and Development. (1989). UI Research Exchange: Work Search Error Claimant Profile: Final Report (UI Occasional Paper 89-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration/Unemployment Insurance Service.

Analysis of 1986 and 1987 Quality Control investigation results revealed that work search errors involved more overpaid dollars than all other errors combined. The objective of this project was to identify "key" characteristics of error prone claimants and condense these into the best group of variables (i.e. the profiles). Then a model, which could predict a claimants error potential, would be created. A valid profile was developed and is composed of five key characteristics; they are: weekly benefit amount; number of nonmonetary issues; dictionary of occupational titles code; standard industrial classification code; and, age. The profile's predictive value was tested and the results indicate that it successfully predicted error prone claimants.

Comfort, R. A. (1992). UI Research Exchange: 1990 Utah Quality Control Program Improvement Study (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Department's deferral program has been an integral part of the unemployment insurance, fulfilling the useful function of the relief of employment services registration and the work search requirement of selected claimants. The use of the deferral is extensive and has grown in recent years. This study was undertaken to examine the deferral process, rules, and procedures in order to determine how effectively it is operating and, if indicated how to improve it.

Gallagher, G. L. (1981). UI Research Exchange: A Systems Measure and Standard for the Federal-State Unemployment Insurance Program (UI Occasional Paper 81-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Describes a single "system standard" which the author considers useful for describing state unemployment insurance program performance. Includes comments by Mamoru Ishikawa. (Summary written by UI Staff)

Peck, J. C. (1992). UI Research Exchange: Utah Quality Control Improvement Study (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Nondeferred claimants who filed initial claims in the Salt Lake office on preselected days during the year of 1989 were included in this study. The claimants were given different instructions as to the number of employer contacts they would be required to make and report on their weekly claim cards in an attempt to determine the effects of differing claimant's work search reporting requirements.

Porterfield, R. L., St. Louis, R. D., Burgess, P. L., & Kingston, J. L. (1980). Selecting Claimants for Audits of Unreported Earnings. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 561-586). Washington, DC: The National Commission on Unemployment Compensation.

Analyzes unreported earnings conflicts between employers and claimants.

Skrable, B. (1988). UI Research Exchange: Unemployment Insurance Quality Control (UI Occasional Paper 88-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper briefly explains the history of the Quality Control department, its aims and procedures, and its direction for the future.

U.S. Department of Labor, Office of the Inspector General. (1986). Federal Unemployment Tax Collecting and Processing Review. Washington, DC: Author.

The survey was performed to determine the reasonableness of charges levied against the Unemployment Trust Fund (UTF) by the Internal Revenue Service (IRS) and Financial Management Service (FMS) for tax collection and processing services provided. The draft survey report indicated there were significant deficiencies in the IRS and FMS unit cost rates used to develop charges to the UTF.

Zajac, W. D. & Balducchi, D. E. (1992). Papers and Materials Presented at the Unemployment Insurance Expert System Colloquium, June 1991 (UI Occasional Paper 92-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This publication contains a compilation of papers delivered at the Unemployment Insurance (UI) Expert System Colloquium. The indisputable progression of UI expert systems research is characteristic of the Federal-state partnership. Experiments conducted by state employment security agencies, and funded by the U.S. Department of Labor, have conclusively demonstrated the benefits of expert systems technology in the operation of UI programs. State employment security agencies' have demonstrated that expert systems: (1) can provide advice to claims staff in adjudicating UI issues, (2) can determine employer coverage, and (3) can advise local office staff on claimant eligibility under all applicable laws. (Summary written by UI Staff)

Quits

Belzil, C. (1993, Aug). An Empirical Model of Job-to-Job Transition With Self-Selectivity . The Canadian Journal of Economics, 26(3), 536.

The statistical relationship between accepted job duration and the job-to-job transition strategy chosen by job quitters is analyzed using parametric duration methods. Because job quitters can sort themselves between unemployed and employed search, the labor market state occupied before acceptance of a new job must contain information about the search-preferred strategy. The results show that jobs preceded by unemployment tend to be shorter but also reveal a substantial amount of heterogeneity when the sample is split between those having comparative advantages in unemployed search and those with comparative advantages in employed search. However, even for those who have comparative advantages in unemployed search, choosing unemployment does not seem to raise subsequent job duration.

Dahm, M. M., & Fineshriber, P. H. (1980). Disqualification for Quits to Meet Family Obligations. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 9-28). Washington, DC: The National Commission on Unemployment Compensation.

This report probes the voluntary quit disqualification as it affects women and discusses recent state court decisions on the constitutionality of disqualifications for quits to meet family obligations.

Hutchens, R. (1980). Joint Determination of Quits and Layoffs. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 451-466). Washington, DC: The National Commission on Unemployment.

Examines whether the unemployment insurance system leads workers to substitute layoffs for quits by developing and testing a theory of joint determination of quits and layoffs.

Koch, P. D., & Ragan, J. F. Jr. (1986, Jan). Investigating the Causal Relationship Between Quits and Wages: An Exercise in Comparative Dynamics. Economic Inquiry, 21(1), 61.

An attempt is made to examine the causal relationship between wages and quits in US manufacturing industries. Logit and regression models then relate causality tests to four industrial characteristics: (1) labor force skill level, (2) extent of unionization, (3) concentration of market power, and (4) female fraction of the labor force. Once these relationships are established, they can be used to predict causality classification for each industry based on the characteristics of that industry. Data on industry wage rates and on quit rates are obtained from the U.S. Department of Labor, Bureau of Labor Statistics. The analysis is restricted to twenty two-digit industries in manufacturing. The sample period runs from January 1958 through December 1981. Skill level is found to be the most important characteristic. Although quits respond to wages in most industries, this is not true in industries with highly skilled workers. This finding is consistent with the argument that education increases the chances of entering into a long-term relationship with an employer.

Ragan, J. F. Jr. (1984, Jul). The Voluntary Leaver Provisions of Unemployment Insurance and Their Effect on Quit and Unemployment Rates. Southern Economic Journal, 51(1), 135-146.

The unemployment insurance (UI) system is designed to provide temporary income to workers "substantially attached" to the workforce. Because requirements for nonmonetary eligibility are set by individual states, substantial variations have developed across states. In recent years, the states have tended to tighten nonmonetary eligibility standards. This study focuses on how specific UI policies on voluntary leaving influence quit behavior and unemployment. Data were obtained for the years 1972, 1974, 1978, and 1980, and estimated on two equations. Results showed that a state's unemployment rate was lowered by: (1) disqualifying voluntary leavers for the duration of their unemployment, (2) reducing benefit rights for voluntary leavers, (3) charging employers for quits of their workers, and (4) reducing maximum UI benefits. Although the voluntary leaver provisions of UI influence unemployment rates, there is no evidence of an impact on quit rates.

Solon, G. (1984). The Effects of Unemployment Insurance Eligibility Rules on Job Behavior. Journal of Human Resources, 19(1), 118-126.

Investigates whether the numerous recent changes in state disqualification rules have actually had any discernible impact on quit rates in manufacturing industries. Uses data from the Bureau of Labor Statistics.

Reciency

Anderson, P. M., & Meyer, B. D. (1994, Jun). Unemployment Insurance Benefits and Takeup Rates (NBER Working Paper No. W4787). Cambridge, MA: National Bureau of Economic Research.

Despite clear theoretical predictions of unemployment insurance (UI) effects on takeup there is little work on the link between program generosity and the propensity to file for benefits. Administrative data permits the assigning of potential level and duration of benefits accurately for a sample of workers separating from their employers, whether or not UI was ever actually received. Using these values along with marginal tax rates as the main explanatory variables in logit equation estimates of the probability that a separating employee receives UI, there is a strong positive effect of the benefit level on takeup, but little effect of the potential duration of benefits. The estimates imply elasticities of the takeup rate with respect to benefits of about 0.46 to 0.78. The estimates also show that potential claimants respond to the tax treatment of benefits. Simulations of the effects of taxing UI benefits indicate that recent tax changes can account for most of the decline in UI receipt in the 1980s. In addition, there is theoretical and empirical support for the proposition that those with short unemployment spells are less likely to file. This

shows that if the decision to file for UI is affected by benefit levels and the expected duration of unemployment, estimates of the effects of UI on unemployment duration will be biased.

Anderson, P. M., & Meyer, B. D. (1997, Aug). Unemployment Insurance Takeup Rates and the After-tax Value of Benefits. The Quarterly Journal of Economics, 112(3), 913-937.

The recent decline in the unemployment insurance (UI) takeup rate has puzzled researchers. Using administrative data with accurate information on the potential level and duration of benefits, whether a separating employee receives UI is examined. A strong positive effect of the benefit level on takeup is found. Smaller effects of the potential duration and the tax treatment of benefits are also found. Simulations indicate that the recent inclusion of UI in the income tax base can account for the previously unexplained decline in UI receipt.

Baldwin, M., & McHugh, R. Unprepared for Recession: The Erosion of State Unemployment Insurance Coverage Fostered by Public Policy in the 1980s. Washington, DC: Economic Policy Institute.

The purpose of this briefing paper is to examine the role of state legislation in the observed decline in the proportion of the jobless receiving unemployment compensation (the Jobless Beneficiary Rate (JBR)). During the late 1980s, several key studies were conducted to examine the decline of the unemployment insurance compensation rates. However, none untangled the effects of federal, state, and macroeconomic changes. This study, building on the work of prior examinations, is focusing on untangling these causes. Generally, the differences in state labor market variables and legislation can explain almost half the variation in the JBR across states. In fact, on net, most of the decline in the JBR from 1979 to 1990 can be accounted for by changes in state laws.

Blank, R. M., & Card, D. E. (1991, Nov). Recent Trends in Insured and Uninsured Unemployment: Is There an Explanation? The Quarterly Journal of Economics, 106(4), 1157.

The recent decline in the fraction of unemployed workers in the U.S. who receive unemployment insurance benefits is explored. Using March Current Population Surveys, the fraction who are potentially eligible for benefits is compared with the fraction who receive them. The decline in insured unemployment is almost entirely due to a decline in the takeup rate for benefits in the early 1980s. The determinants of the takeup rate are analyzed using both aggregated state-level data and micro-data. At least half of the nationwide decline is due to an increasing share of unemployment in states with lower takeup rates. The balance of the nationwide decline in takeup rates is due to changes over time within states.

Burtless, G., & Saks, D. H. (1994). The Decline in Insured Unemployment During the 1980s. Washington, DC: The Brookings Institution.

A detailed analysis of the shift in the long run relationship between the insured unemployment rate (IUR), which is used to trigger on EB benefits, and the total unemployment rate.

Corman, J. C. (1980, Autumn). Unemployment Compensation and Social Insurance Principles. Journal of the Institute for Socioeconomic Studies, 5(3), 104-118.

There is little evidence that receipt of unemployment compensation deters individuals from seeking or finding employment. During the worst years of the 1970s' recession most claimants did not collect all of the unemployment compensation to which they were entitled. Two of the needed reforms suggested are: (1) coverage-the Unemployment Compensation Amendments of 1976 were a major step toward eliminating the primary deficiency in the Federal-state unemployment compensation system--the lack of universal coverage, and (2) weekly benefit amount-the unrealistically low maximum weekly benefit payments in many states and inappropriate duration requirements in some states, which were either too lenient or overly restrictive-- necessitate the establishment of Federal benefit and duration requirements. The Federal-state unemployment compensation system should be modified to become more consistent with social insurance principles.

Corson, W. & Nicholson, W. (1988). An Examination of Declining UI Claims During the 1980's (UI Occasional Paper 88-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Claims for unemployment insurance (UI) benefits that are payable under regular state programs declined significantly during the 1980s relative to total unemployment. The purpose of this report is to present the results of an extensive study of the reasons for this decline. This study was based on statistical analyses of national data over the 1948 to 1986 period, on analyses of more detailed data from all the states over the 1971 to 1986 period, and on in-person interviews with UI officials in the largest states. In general, the analyses found that no single factor explained the observed decline in UI claims over the 1980s; rather the decline was caused by changes in the general labor market and by a number of policy changes at both the federal and the state levels.

Corson, W. & Nicholson, W. (1989). The Secretary's Seminars on Unemployment Insurance: Causes of Declining Claims During the 1980's (UI Occasional Paper 89-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper summarizes research that examined unemployment insurance (UI) coverage and the perception of a marked decline in UI coverage for unemployed workers. Results indicate that there has been a decline in the number of people receiving unemployment benefits for the following reasons: declining importance in manufacturing employment, taxing UI benefits and reducing the availability of extended benefits. (Summary written by UI Staff)

Dunson, B. H., Maurice, C. S., & Dwyer, G. Jr. (1991). The Cyclical Effects of the Unemployment Insurance (UI) Program (UI Occasional Paper 91-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The present report, which analyzes the decline in UI benefit reciprocity, is divided into five sections. First, it presents some background facts about the decline. Second, it reviews previous literature that has examined this phenomenon. Third, it presents a descriptive analysis of new survey data collected expressly for the purpose of addressing the question. Fourth, it presents a statistical analysis of application rates and benefit reciprocity rates based on the new data. Fifth, a short concluding section speculates on the reasons for the decline in benefit reciprocity in light of the previous literature and the analysis of the new survey data. (Excerpted from Introduction)

Falk, G. (1990). The Uncompensated Unemployed: An Analysis of Unemployed Workers Who do not Receive Unemployment Compensation. In CRS Report for Congress. Washington, DC: Library of Congress, Congressional Research Service.

Freeman, R. B. (1988, May). Evaluating The European View That The United States Has No Unemployment Problems. The American Economic Review, 78(2), 294-299.

Many European observers view the U.S. as having no unemployment problem. The U.S. labor market is seen as a paragon of decentralized wage and employment flexibility. The view rests on three basic facts: (1) the 1980s reversal of the longstanding pattern of higher rates of unemployment in the U.S. than in Organization for Economic Cooperation & Development (OECD) Europe, (2) the growth of employment in the US, and (3) the relatively short duration of unemployment spells in the U.S. However, the evidence shows that the U.S. paid for its employment expansion with reduced growth of real wages and productivity rather than with relatively costless flexibility. Some aspects of flexibility in relative wage setting helped limit US unemployment while others did not. The disparate experiences of the United Kingdom and Sweden show that a decentralized labor market is neither necessary nor sufficient for employment-enhancing wage settlements. The change in overall economic well-being in the U.S. is not so different than in OECD-Europe.

McCall, B. P. (1995, Apr). The Impact of Unemployment Insurance Benefit Levels on Reciprocity. Journal of Business & Economic Statistics, 13(2), 189-198.

Meyer, B. D., & Rosenbaum, D. T. (1996, Jan). Repeat Use of Unemployment Insurance (Working paper no. W5423). Cambridge, MA: National Bureau of Economic Research.

Examines the extent to which unemployment insurance (UI) insures workers against unforeseen events or subsidizes firms and workers engaged in temporary layoffs. The main source of data is a five-year panel of UI administrative records from five states. While most claimants receive UI only once during this period, nearly forty percent of claims go to those individuals with three or more years of receipt during the five-year period. Most repeat recipients are concentrated in seasonal industries and are laid off by the same employer each time. Middle-aged and high-paid workers also are more likely to be repeat recipients, suggesting that workers in bad jobs are not the individuals who repeatedly receive UI.

Vroman, W. (1991). The Decline in Unemployment Insurance Claims Activity in the 1980s (UI Occasional Paper 91-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The present report which analyzes the decline in the unemployment insurance benefit reciprocity is divided into five sections. First, it presents some background facts about the decline. Second, it reviews previous literature that has examined this phenomenon. Third, it presents a descriptive analysis of new survey data collected expressly for the purpose of addressing the question. Fourth, it presents a statistical analysis of application rates and benefit reciprocity rates based on the new data. Fifth, a short concluding section speculates on the reasons for the decline in benefit reciprocity in light of the previous literature and the analysis of the new survey data. (Excerpted from Introduction)

Vroman, Wayne. (1998, Jan). Labor Market Changes and Unemployment Insurance Benefit Availability (UI Occasional Paper 98-3). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report examines the evolution of benefit availability in unemployment insurance (UI) programs. The focus is the regular UI, the program that pays up to 26 weeks of benefits to eligible individuals. A major objective of the report is to document changes in the U.S. labor market that may have adversely affected access to UI benefits.

Findings included: (1) the decrease in reciprocity is not an inexorable phenomenon; (2) the changing distribution of the labor force across geographic areas has contributed to the long-term decline in UI reciprocity; (3) policy initiatives can raise reciprocity; (4) rebuilding trust funds following the recession of 1990-1992 has been slow; (5) the UI program is now less important as an automatic economic stabilizer than it was twenty years ago; and, (6) understanding of several important issues and questions related to UI benefit reciprocity is incomplete. (Excerpted from Introduction)

Wandner, S. A., & Stengle, T. (1997, Jul). Unemployment Insurance: Measuring who Receives It. Monthly Labor Review, 120(7), 15-24.

It is argued that reciprocity rates have different meanings, and because they are the ratio of two different measures, forces underlying movements in both need to be understood to understand the rates properly. It is concluded that there is not just one appropriate unemployment insurance reciprocity rate, but a series of alternative rates that can be used for different ends. In much the same manner, then, as the Bureau of Labor Statistics encourages the use of a range of unemployment rates, it is suggested that the unemployment insurance program could fruitfully make use of a range of reciprocity rates, which are presented.

Reporting

Black, M., & Carr, T. J. (1980). An Analysis of Income Misreporting. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 543-560). Washington, DC: The National Commission on Unemployment Compensation.

Burgess, P. L., Blakemore, A. E., & Low, S. A. (1995). Improving Employer Compliance with Unemployment Insurance Tax Reporting Requirements. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. Q1-Q54). Washington, DC: Advisory Council on Unemployment Compensation.

Previous research on employer noncompliance with Unemployment Insurance (UI) tax reporting requirements demonstrated potentially widespread and costly underreporting. Nationally, it is estimated that employers underreported over \$70 billion of total wages and \$728 million of UI taxes for 1987. This study, using the same data set as the previous study, seeks to determine if statistical profiles of employer reporting tendencies can be developed in order to detect the noncompliance of individual employers and better target UI auditing resources. The cost-effectiveness of various statistical profiles (based on an in-house economic model of tax evasion) is tested. The results of targeting audit resources on "high-risk" firms identified in our statistical profiles are compared to the results of using alternative auditing strategies, including random auditing, the preferred method of most states. The statistically-based systematic profiles perform far better at detecting large amounts of unreported tax liabilities than current auditing strategies. By using similar profiles, the UI System could potentially collect substantial tax revenue that is currently unreported, as well as induce many more firms to voluntarily comply with UI tax reporting requirements. (Excerpted from Abstract)

Lambert, A. (1998, Nov). New York State to Combine Withholding and Unemployment Tax Reporting. The CPA Journal, 68(11), 80-81.

The State of New York will consolidate employer withholding tax, unemployment insurance and wage reporting, filing, and payment responsibilities. This should cut down on the employers' compliance burden.

Management Engineers Incorporated. (1980). Comparison of Wage Record Reporting and Wage Request Reporting. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 589-598). Washington, DC: The National Commission on Unemployment Compensation.

Porterfield, R. L., St. Louis, R. D., Burgess, P. L., & Kingston, J. L. (1980). Selecting Claimants for Audits of Unreported Earnings. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 561-586). Washington, DC: The National Commission on Unemployment Compensation.

Analyzes unreported earnings conflicts between employers and claimants.

Research and Evaluation Critiques, Guides and Exchanges

Atkinson, A. B., & Micklewright, J. (1991, Dec). Unemployment Compensation and Labor Market Transitions: A Critical Review. Journal of Economic Literature, 29(4), 1679-1727.

In an analysis of unemployment compensation, it is essential to distinguish among different labor market states and to treat the institutional features of different forms of the unemployment benefit. There is relatively little evidence concerning severally potentially important effects of unemployment compensation on labor market transitions. Unemployment insurance may have positive effects in encouraging labor force participation and favoring regular, rather than marginal employment. Unemployment insurance, without an income test, does not involve high marginal, tax rates on the earnings of other family members. These effects of unemployment compensation on labor market transitions should be taken into account in any overall judgment on the role of state provision of income maintenance for the unemployed.

Dionne, G. (1980). The Effects of Unemployment Benefits on United States Unemployment Rates: A Comment. Canada: Universite de Montreal.

Dubin, J. A., & Rivers, D. R. (1985). Stochastic Stimulation of Labor Demand Under Wage Subsidization: An Analysis of the Productive Employment Program. Pasadena, CA: California Institute of Technology, Division of the Humanities and Social Sciences.

Hamermesh, D. S. (1982, May). The Interaction Between Research and Policy: The Case of Unemployment Insurance. The American Economic Review, 72(2), 237-241.

The issue of unemployment insurance (UI) is reviewed in a study which provides quantitative evidence linking research results to perceptions of them by their consumers and to their impact on policy to illuminate the broader issue of the usefulness of economic research. The emphasis is on what economists have contributed to knowledge of the effects of UI, and the questions addressed concern: (1) to what extent the deliberations of the National Commission on Unemployment Compensation (NCUC) were influenced by economic research; (2) what determined the directions of the NCUC's recommendations; (3) how they and economic research will affect policy in the 1980s; and, (4) what the net impact of NCUC and of the work of economists will be. The major legacy of NCUC may be the aid it gave to the accretion of knowledge about the UI program. The contrast between NCUC recommendations and those of economists indicate that the contributions of the latter have been important and will continue to be so.

Hannah, J. S. & Uhalde, R. (1981). UI Research Exchange: An Assessment of State UI Research Programs (UI Occasional Paper 81-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Presents a survey and analysis of research units in the state employment security agencies. Examines problems and suggests factors which contribute to establishing and maintaining good research units.

Johnson, E. R. (Ed.). (1988). UI Research Exchange (UI Occasional Paper 88-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Two contributed papers are included in this issue. The first paper, contributed by Burman Skrabble of the UI Quality Control (QC) Division, briefly explains the history, aims, and procedures, as well as the Department's plan for program. The second paper, contributed by the Research and Analysis Section of the Arkansas Employment Security Division, traces benefit charges, by type of charge, for Fiscal Years 1983-86. The report discusses the three ways in which unemployment insurance benefits are charged to employer accounts. (Summary written by UI Staff)

Johnson, E. R. (Ed.). (1989). UI Research Exchange (UI Occasional Paper 89-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Three contributed papers are included in this issue. The first paper, contributed by David Balducchi and Wayne Zajac of the National Office, discusses developing and implementing expert system technology in an unemployment insurance (UI) operating environment. The second paper, contributed by Richard G. Tillema of the Wisconsin Department of Industry, discusses the probability that a state unemployment reserve fund will remain solvent. The third paper, contributed by the Colorado Department of Labor and Employment, discusses the work search error claimant profile. This issue of the UI Research Exchange also includes sections on research data, information sources, and financial and legislative developments. A supplement to the UI Research Bibliography, which lists UI-related research from the collection of the International Social Security Association, has also been included. (Excerpted from Introduction)

Juhn, C., Murphy, K. M., Topel, R. H., Yellen, J. L., & Baily, M. N. (1991). Why Has the Natural Rate of Unemployment Increased Over Time?: Comments and Discussion. Brookings Papers on Economic Activity, (2), 75.

Virtually all of the trend toward rising male joblessness in the U.S. is accounted for by the rising unemployment and nonparticipation of less skilled persons. For this group, increases in nonemployed weeks are mainly attributable to an increase in the incidence of very long spells of not working. In a reduced-form sense, there is little doubt that rising unemployment and nonparticipation are demand driven. Since the mid-1970s, wages fell substantially within the skill categories in which employment declined, while groups with stable wages had relatively stable employment rates. Since the end of the 1960s, changes in wages for less skilled groups appear to determine changes in working time among prime-aged men. The results challenge the view that the natural rate of unemployment is a fixed number toward which the labor market tends to gravitate. Yellen agrees with the analysis, but she is concerned about the authors' estimates of labor supply elasticities. Baily comments that the authors paint a convincing and rather disturbing picture of recent trends.

Lopez, A. B. (Ed.). (1990). UI Research Exchange (UI Occasional Paper 90-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Two contributed papers are included in this issue. The first paper, contributed by Lloyd S. Williams of the State of Washington Employment Security Department, is a summary of findings from the Alternative Work Search Experiment. The second paper, contributed by James Hanna and Zina Turney of the Nevada Employment Security Department, discusses the economic impact of the Nevada Claimant Employment Program.

Manheimer, H. (Ed.). (1980). UI Research Exchange (UI Occasional Paper 80-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This issue contains a wide variety of research information. Announcements and reports are included on subjects such as meetings, personnel actions, and recent legislation and financial developments. Unemployment insurance research, both in progress and completed, conducted by state agencies, the Interstate Conference of Employment Security Agencies, the National Commission on Unemployment Compensation, and the Unemployment Insurance Service, is summarized. Research data and information sources are provided. Methods and tools are discussed, including a separate section for the Continuous Wage and Benefit History System. (Excerpted from Introduction)

Manheimer, H. (Ed.). (1981). UI Research Exchange (UI Occasional Paper 81-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This third issue of the UI Research Exchange contains announcements and reports on subjects such as meetings, personnel action, and recent legislation and financial developments. It contains a summary of research projects (completed and in-progress) conducted by state agencies, the Interstate Conference of Employment Security Agencies, the National Commission on Unemployment Compensation, and the Unemployment Insurance Service. This issue also contains research data and information sources, a description of the Continuous Wage and Benefit History system, reviews of books and studies, and a paper, "Workload Estimation and Forecasting in Arizona", by Joseph T. Sloane and Robert D. St. Louis. (Excerpted from Introduction)

Manheimer, H. (Ed.). (1981). UI Research Exchange (UI Occasional Paper 81-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This second issue of the UI Research Exchange contains announcements and reports on subjects such as meetings, personnel action, and recent legislation and financial developments. It contains a summary of research projects (completed and in-progress) conducted by state agencies, ICESA, the National Commission on Unemployment Compensation and the Unemployment Insurance Service. This issue also contains research data and information sources, a description of the Continuous Wage and Benefit History system, reviews of books and studies, and three papers. The three papers are: (1) An Assessment of the State UI Research Program by James S. Hanna and Raymond J. Uhalde; (2) A Systems Measure and Standard for the Federal-State Unemployment Insurance Program by Gene L. Gallagher (comment by Mamoru Ishikawa); and, (3) Issues in UI Research by Walter Nicholson. (Summary written by UI Staff)

Manheimer, H. (Ed.). (1983). UI Research Exchange (UI Occasional Paper 83-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This fourth issue contains a variety of research information. Announcements and reports are included on seminars and recent legislative and financial developments. There are descriptions of unemployment insurance (UI) research projects -- both in progress and completed -- conducted and sponsored by the state agencies and the Unemployment Insurance Service. Research data and information sources, methods and tools are discussed, and books studies are summarized.

This issue also includes two complete papers. The first paper presents an innovative application of new technology to an area of UI operations. The paper, written by Thomas Nagy, John DiSciullo and Robert Crosslin, describes the design and testing of an expert system prototype for making nonmonetary determinations relating to labor dispute issues. This interactive system can be used by clerical personnel after minimal training. The authors explain how the application of an expert system to the nonmonetary determination process can reduce costs and improve services. The second paper, prepared by the U.S. Department of Labor's, Office of the Assistant Secretary for Policy, and reprinted here, presents findings of a special study of the demographic and economic characteristics of individuals in twelve States who received Federal Supplemental Compensation (FSC) from September to December 1982. The study compares FSC recipients to individuals receiving regular unemployment benefits. (Summary written by UI Staff)

Manheimer, H. (Ed.). (1984). UI Research Exchange (UI Occasional Paper 84-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This fifth issue contains a variety of research information. Announcements and reports are included on seminars, UI research personnel, and recent legislative and financial developments. There are descriptions of UI research projects -- both in progress and completed -- conducted and sponsored by the state agencies and the Unemployment Insurance Service, research data and information sources, discussions of methods and tools, and summaries of several additional studies. A new section features summaries of reports pertaining to UI that have been submitted to Congress.

This issue also includes two contributed papers. The first paper, contributed by Roy Meadows of the Missouri Division of Employment Security, describes the construction of an all-purpose model for evaluating the status of the UI trust fund. This example of how to build a financing model offers ideas and techniques that other states may wish to adapt to their situation. Second, Tom Hills of the Nevada Employment Security Department has updated a survey of the UI function in state research and analysis offices. The paper presents the results of a questionnaire sent to the research analysis chiefs in 1984 to find out the scope of problems incurred in UI research and compares the results to those of the earlier survey (published in the second edition of the UI Research Exchange in 1981). (Summary written by UI Staff)

Mathematica Policy Research Inc. (1984, Jun). An Assessment of Alternative Comparison Group Methodologies for Evaluating Employment and Training Programs. Princeton, NJ: Author.

Meyer, B. D. (1995, Mar). Lessons From the U.S. Unemployment Insurance Experiments. Journal of Economic Literature, 33(1), 91.

Recently, there has been extensive evaluation of unemployment insurance (UI) reforms in the U.S. The proposed reforms generally have sought to improve the reemployment prospects of UI claimants and reduce the budgetary costs of UI. An explanation is provided of what can be learned about the labor market and UI policy from recent UI experiments. Bonus experiments show that economic incentives do affect the speed with which people leave the unemployment insurance rolls. Unemployment Insurance is not a completely benign transfer; it affects claimants' behavior. This is shown by the declines in weeks of UI receipt found for all of the bonus treatments, several of which are statistically significant. The experiments also tend to show that speeding claimants' return to work does not decrease total or quarterly earnings following the claim, but the evidence is less strong because the estimates are imprecise. Job search experiments test several alternative reforms which appear more promising. Unfortunately, the experiments make it difficult to determine which treatments are likely to be the most successful.

Miller, M. (Ed.). (1989). The Secretary's Seminars on Unemployment Insurance (UI Occasional Paper 89-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Three Secretary's Seminars on Unemployment Insurance were held at the U.S. Department of Labor. The seminars examined research on three important unemployment insurance (UI) policy issues. The first seminar addressed the widening gap between total and insured unemployment. The second seminar explored tradeoffs between the income maintenance and unemployment goals of the UI system as they pertain to choosing potential UI duration policies. The third examined alternative use of unemployment insurance, in particular, how the reemployment of claimants might be fostered, with discussion of a series of demonstrations of such initiatives. This volume includes three papers that act as background documents for the seminar participants. Following each of the three papers is a brief summary of the discussion in the session. The summaries provide the views expressed during the seminars. The papers included in this volume are: (1) Causes of Declining Claims During the 1980s by Walter Corson and Walter Nicholson; (2) Unemployment Insurance Income Maintenance and Reemployment Tradeoffs in a Competitive World Economy by Walter Corson and Walter Nicholson; and, (3) Alternative Uses of Unemployment Insurance: The Unemployment Insurance Demonstrations by Stuart Kerachsky and Walter Corson. (Summary written by UI Staff)

Nicholson, W. (1981). UI Research Exchange: Issues in Unemployment Insurance Research (UI Occasional Paper 81-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper summarizes the results of recent research on the behavioral effects of five aspects of unemployment insurance (UI) policy--benefit levels, duration, eligibility, adjustment services, and financing; critiques the aforementioned research; summarizes research related to the distributional impact of UI; summarizes research on administrative issues in UI; and concludes with suggestions for future research. (Summary written by UI Staff)

O'Leary, C. J., & Wandner, S. A. (1997). Unemployment Insurance in the United States: Analysis of Policy Issues. Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

This book attempts to present an accessible survey of what is known about how the federal-state system of unemployment insurance works in the United States and to offer ideas for further improvement to the system. To accomplish such a challenging project, this book required the dedicated efforts of many experts on the UI program. The chapters of this book cover the following topics: (1) policy issues; (2) coverage and reciprocity; (3) initial eligibility for unemployment compensation; (4) continuing eligibility; (5) adequacy of the weekly benefit amount; (6) the duration of benefits; (7) work incentives and disincentives; (8) financing benefit payments; (9) trends in unemployment benefit financing; (10) fraud, abuse and errors in the UI system; (11) the role of the Employment Service; (12) the intersection of UI and other program policies; (13) federal-state relations; (14) unemployment compensation in the G-7 nations; and, (15) concluding comments by the editors. (Excerpted from Preface)

Thomas, R. Y. (Ed.). (1992). UI Research Exchange (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This issue contains eight contributed papers: Linkages and Coordination by Jon Messenger and Stephen Marler; Coordination and Linkages Between Unemployment Insurance, Job Service, and the Job Training Partnership Act Network by Ruth Thompson; Employment Development Department Single Client Data Base by Martha Lopez; UI Quality Control Program Improvement Study by Robert A. Comfort and Janet C. Peck; Utah Quality control Program-Improvement Study: Abstract prepared by Janet C. Peck; 1990 Utah Quality Control Program Improvement Study by the Texas Employment commission by Howard R. Hageman and Ted Swindle; and An Essay on Short-Time Compensation by Wayne Vroman. (Excerpted from Introduction)

van den Berg, G. J., & van Ours, J. C. (1998, Sep). On the Detection of State Dependence Using Aggregate Outflow Data: Comments on Previous Studies. The Economic Journal, 108(450), 1422-1430.

An examination is made of a rather popular "eyeball" check that has been used to establish the presence of state dependence in aggregate unemployment duration data. The literature is corrected through the demonstration that this check may well lead to wrong conclusions.

School-to-Work

Ferrall, C. (1997, Apr). Unemployment Insurance Eligibility and the School-to-Work Transition in Canada and the United States. Journal of Business & Economic Statistics, 15(2), 115-129.

A model of job search in the presence of unemployment insurance (UI) is developed and estimated for the U.S. and Canada. The level of UI benefits depends on previous earnings, which creates opposing incentives for unemployed people not receiving benefits. Which of these opposing incentives dominates the other is found to differ across demographic groups within each country. Changes in UI policy therefore can have very different effects on different individuals. The major differences found in the transition from school-to-work in Canada and the U.S. are a lower rate of job-offer arrivals and a lower rate of offer rejections in Canada. Within each country, offer-arrival rates differ across individuals much more than offer-rejection rates.

Hills, S. M., & Thompson, J. (1980). The Transition from School-to-Work. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 743-754). Washington, DC: The National Commission on Unemployment Compensation.

Focuses on the employment experiences of young men during their schooling and in the transitional periods following dropping out of high school, graduating from high school, and dropping out of college.

Neumark, D., & Wascher, W. (1995, May). Minimum-wage Effects on School and Work Transitions of Teenagers. The American Economic Review, 85(2), 244.

In previous research, evidence and explanations were offered as to why negative minimum-wage effects on teenage employment may be difficult to detect, even when such effects are present for a subset of teens. Using state-level data, it is found that, although minimum-wage increases had only small negative net effects on overall teen employment, such increases reduced the proportion of teenagers enrolled in school and increased the proportion of teenagers neither enrolled nor employed (Neumark and Wascher, 1995). One explanation for this finding is that minimum-wage increases induce substitution toward enrolled, higher-quality teenagers, leading these teenagers to leave school for employment, and reduce the demand for teenagers not in school and employed at or near the old minimum. Alternately, minimum wages may reduce enrollments as teens leave school and queue for jobs at the higher minimum. These issues are explored using individual-level panel data on school and work transition of teenagers.

Neumark, D., & Wascher, W. (1995, Apr). Minimum Wage Effects on Employment and School Enrollment. Journal of Business & Economic Statistics, 13(2), 199.

It is argued that the focus on employment effects in recent studies of minimum wages ignores an important interaction between schooling, employment, and the minimum wage. To study these linkages, a conditional logit model of employment and enrollment outcomes for teenagers is estimated using state-year observations for the period 1977-1989. The results show a negative influence of minimum wages on school enrollment and a positive effect on the proportion of teens neither employed nor in school. It is further suggested that these results are consistent with substitution by employers of higher-for lower-skilled teenagers, with the displaced teens ending up both out of work and out of school.

Self-Employment Assistance

Benus, J. M., Johnson, T. R., Wood, M., Grover, N., & Shen, T. (1995). Self-Employment Programs: A New Reemployment Strategy (UI Occasional Paper 95-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The North American Free Trade Agreement Implementation Act (P.L 103-182) authorizes states to establish self-employment assistance (SEA) programs for unemployed workers. As of the end of 1994, five states (California, Connecticut, Maine, New York and Rhode Island) have enacted enabling legislation to implement SEA programs for the unemployed.

The main parameters of SEA programs were tested in two experimental demonstrations sponsored by the U.S. Department of Labor. The Washington State and Massachusetts Unemployment Insurance Self-Employment Demonstrations evaluated the ability of the U.S. employment security and economic development systems to work together and help Unemployment Insurance (UI) recipients create their own jobs by starting businesses. Preliminary results from these two demonstrations indicated that SEA is a viable reemployment option for some portion of the unemployed. Moreover, preliminary results suggested that the Massachusetts model was likely to be a cost-effective approach for providing SEA to UI claimants. These early results were cited in the decision to authorize SEA for a five-year period.

In this report, the final impact estimates of the Washington and Massachusetts UI Self-Employment Demonstrations are presented. These final results largely reinforce the earlier preliminary findings and underscore the conclusion that SEA is a viable policy tool to promote the rapid reemployment of unemployed workers. The cumulative evidence from the preliminary and final evaluations suggests that SEA should be permanently incorporated into the U.S. employment security and economic development system. (Summary written by UI Staff)

Benus, J. M., Wood, M., & Johnson, T. R. (1994). First Impact Analysis of the Washington State Self-employment and Enterprise Development (SEED) Demonstration (UI Occasional Paper 94-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents interim estimates of the impacts of the Washington State Self-Employment and Enterprise Development (SEED) Demonstration on the employment and earnings experiences of program participants based primarily on data from a followup telephone survey that was conducted approximately 21 months after random assignment. The interim results indicate that self-employment programs like SEED represent viable policy tools for promoting the rapid reemployment of unemployment insurance claimants. The questions of the cost-effectiveness of such a policy tool will be addressed in the final report. (Excerpted from Abstract)

Illinois Department of Commerce and Community Affairs, Office of Urban Assistance. (1987). Organizing Self-Employment Programs: A Guide for Development Organizations. Springfield: Author.

Discusses self-employment (or entrepreneurship) projects as a valuable tool in job creation and economic development.

Jacob, B., Wood, M. L., & Grover, N. (1994). Self-Employment as a Reemployment Option: Demonstration Results and National Legislation (UI Occasional Paper 94-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents preliminary results from the Washington and Massachusetts Unemployment Insurance Self-Employment Demonstration projects. This analysis covers, on average, the first nineteen months after random assignment in Massachusetts and the first 21 months after random assignment in Washington. A final report on each of the two demonstrations will cover the first three years after random assignment. (Excerpted from Introduction)

Lamb, M. (1987). Self-Employment Training Programs: Case Studies. Springfield: Illinois Department of Commerce and Community Affairs, Office of Urban Assistance.

Several entrepreneurial training and assistance programs have been established in the United States which operate on the local level and receive the greater part of their funding through public sources.

Organization for Economic Cooperation and Development. (1995). Self-Employment Programmes for the Unemployed. Paris, France: Author.

Robinson, J. G. (1993). New Forms of Activity for the Unemployed and Measures to Assist the Creation of Self-Employment: Experiences and Opportunities in Combating Unemployment (UI Occasional Paper 93-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study analyzes the provisions of programs which encourage the unemployed to become self-employed, to set up new enterprises, or take over existing businesses. It also examines the variety of approaches taken in industrial countries which, in effect, shift the emphasis from the income maintenance feature of the unemployment insurance and assistance programs to the capitalization of the available resources for the encouragement of the development of self-employment and job creation. (Summary written by UI Staff)

Wandner, S. A. (Ed.). (1992). Self Employment Programs for Unemployed Workers (UI Occasional Paper 92-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The U.S. Department of Labor conducted two self-employment demonstration projects to test the feasibility of implementing self-employment programs for unemployed workers in the United States. This publication presents information about these projects, background information about self-employment in general, and information about self-employment programs for unemployed workers.

This publication brings together four papers dealing with self-employment for the unemployed. The four papers are: (1) from Unemployed to Self-Employed: Self-Employed as a Reemployment Option in the United States by Stephen A. Wandner and Jon C. Messenger; (2) Washington Self-Employment and Enterprise Development (SEED) Demonstration: Interim Report by Terry R. Johnson and Janice J. Leonard; (3) Massachusetts Unemployment Insurance Self-Employment demonstration: Interim Report to Congress by Jacob M. Benus, Michelle L. Wood, Christopher J. Napierala, and Terry R. Johnson; and, (4) Self-Employment Progress for the Unemployed: An Analysis of Program evaluation and Operations Research in Europe and North America by C. Douglas Scott. (Excerpted from Introduction)

Short-Time Compensation

Best, F., & Mattesich, J. (1980, Jul). Short-Time Compensation Systems in California and Europe. Monthly Labor Review, 103(7), 13-22.

Short-time compensation provides partial unemployment insurance benefits for work time lost by employees who have taken a reduction in work hours to prevent layoffs or dismissals by their employer. This approach to combating joblessness is examined by reviewing the history of the short-time compensation concept in the U.S. and the operation of a recently initiated program in California in comparison to European programs. California's "Work Sharing Unemployment Insurance" program began as an eighteen month experiment and was extended for an extra two years in July 1979. The basic design is similar to programs which have operated in Europe for several decades. It is designed to operate within the existing California unemployment insurance system. Administration of the program has been kept simple to encourage employer participation and to keep bureaucratic red tape to a minimum. Restrictions on workers who participate are also kept to a minimum as the program is intended to prevent

layoffs. California companies that have utilized worksharing unemployment compensation appear to have healthier unemployment insurance tax accounts than those that use regular layoffs.

Burdett, K., & Wright, R. (1989, Dec). Unemployment Insurance and Short-Time Compensation: The Effects on Layoffs, Hours Per Worker, and Wages. Journal of Political Economy, 97(6), 1479-1496.

Results of a research study that examined unemployment insurance systems in North America and Europe have been released.

Cook, R. F., Brinsko, A., Elmas, J., & Tan, A. G. (1995). Short-Time Compensation: A Literature Review. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. R1-R25). Washington, DC: Advisory Council on Unemployment Compensation.

Short-Time Compensation (STC) programs allow employers to reduce the hours of their workers for some period of time and for the workers to receive proportionate unemployment benefits for those reduced hours. The purpose of STC is to avoid layoffs during recessions, maintain fringe benefit coverage, reduce the physical and psychological costs of unemployment to individuals who would otherwise be laid off, and spread the cost of unemployment across all workers in the unit. STC has been used in other countries and, more recently, in 17 states.

The available research indicates the STC can reduce layoffs during a recession. Further, these programs have a social cost/benefit ratio in excess of one. The fact that the program is used less in this country than in other countries relates to a lack of information among employers with regard to the program and the use of surcharges and experience rating. The continuation of payroll taxes, which are paid only on covered wages, or fringe benefits, many of which are fixed costs, are probably not large factors.

While STC programs appear to increase UI costs, combining screening of UI beneficiaries, as described above, with training programs for dislocated workers may reduce total costs. Alternately, shorter periods of benefits for short-term recessionary unemployment and longer periods of benefits, combined with training or retraining for permanently dislocated workers, may improve labor-market efficiency and reduce program costs.

Johnson, E. R. (1987). Short-time Compensation: A Handbook of Basic Source Material (UI Occasional Paper 87-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of this handbook is to provide a ready-reference tool for those interested in short-time compensation (STC) whereby work sharing is tied to pro-rata payment of regular weekly unemployment insurance (UI) benefits, as an alternative to layoffs. This book provides: (1) a copy of the Federal legislation enacted in 1982; (2) a 1986 evaluation of the short-time compensation (STC) programs in the three states that pioneered the development of STC programs; (3) a comparative analysis of STC programs and the full text of STC legislation from the twelve states that have enacted such programs; (4) STC reporting instructions and current statistics on state programs; and, (5) a list of key STC regional and state contacts. (Excerpted from Introduction)

Kerachsky, S. (1986). An Evaluation of Short-time Compensation Programs (UI Occasional Paper 86-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study found that total unemployment insurance (UI) benefit charges were significantly higher during the program period for employers using short-time compensation than for otherwise similar employers in the comparison group. The experience-rating tax formulas of study states caused many employers in both the participant and comparison groups to pay higher UI tax rates in the subsequent tax year. The study addresses the following nine issues: (1) the impact of the program on the unemployment trust fund and a comparison with the estimated impact on the fund of layoffs that would have occurred but for the existence of the program; (2) the extent to which the program has protected and preserved the jobs of workers, with special emphasis on newly hired employees, minorities, and women; (3) the extent to which layoffs occur in the unit subsequent to the initiation of the program on the entitlement to unemployment compensation of the employees; (4) the effect of varying methods of

program administration; (5) the effect of short-time compensation on employers' state unemployment tax rates, including both users and nonusers of short-time compensation; (6) the effect of various state laws and practices on the retirement and health benefits of employees who are in short-time compensation programs; (7) a comparison of the benefits and costs to employees, employers, and communities from using short-time compensation and layoffs; (8) the cost of administering the short-time compensation program; and, (9) such other factors as may be appropriate. (Excerpted from Introduction)

Kerachsky, S., Nicholson, W., Cavin, E., & Hershey, A. (1986, May). Work Sharing Programs: An Evaluation of Their Use. Monthly Labor Review, 109(5), 31.

Research on short-time compensation experience from mid-1982 to mid-1984 in California, Arizona and Oregon focused primarily on the behavior of employers. Three major patterns emerged: (1) very low participation rates in short-time compensation programs, (2) continuing use of layoffs as the primary method of workforce reduction in the firms studied, and (3) the failure of short-time compensation programs to reduce layoffs on an hour-for-hour basis, although there was some reduction in layoffs. The study tends to support concerns that widespread use of short-time compensation would have a negative impact on unemployment insurance trust funds. In all three states, mean per-employee benefit charges for regular unemployment insurance and short-time compensation were substantially higher in firms using short-time compensation. Short-time compensation plans involve processing a much higher number of weekly unemployment insurance benefit claims, but initial claims filing costs are lower under work sharing because eligibility determination is easier.

MaCoy, R., & Morand, M. J. (1984). Short-Time Compensation: A Formula for Work Sharing. Elmsford, NY: Pergamon Press, Inc.

Review worksharing and short-time compensation as carried out in foreign countries and in three states which allow payment of unemployment insurance benefits on this basis. Includes short articles by other authors.

Mesa, J. M. (1984, Jan-1984, Feb). Short-Time Working or Lay-Offs? Experience from Canada and California. International Labour Review, 123(1), 99.

With high unemployment rates common and governments, employers, and labor considering redistributing working time as one solution to the employment problem, examining the short-time working option may be of interest. Short-time working compensation (STWC), which may be viewed as an alternative to layoffs, is based on two premises: (1) total man-hours are reduced by decreasing working time and not the number of workers, and (2) partial compensation is paid to employees for the time no longer worked. An analysis of the advantages, and the disadvantages of STWC programs and a review of two such programs (in Canada and California) suggest that work sharing is a viable short-term approach to minimizing layoffs and their consequences.

Nemirow, M. (1984, Sep). Work-Sharing Approaches: Past and Present. Monthly Labor Review, 107(9), 34.

Short-time compensation (STC) is a program voluntarily entered into by an employer, in lieu of layoffs resulting from economic conditions, in which some or all employees work a partial workweek and receive a partial, prorated unemployment benefit. The unemployment benefit replaces approximately one-half the lost wages, thus giving workers roughly 90 percent of their regular income. The worksharing program of the Great Depression is outlined. Although that experience involved a different set of economic circumstances than modern-day recessions, the background provides insight into the current perceptions of and ambivalence toward STC. The major benefit of STC is equity. While some economists have expressed fear that use of worksharing will lead to hoarding of underutilized labor and lower productivity, it is shown that STC may decrease layoffs and improve cyclical productivity. Short-time compensation programs in the U.S. and Germany are compared. Short-time compensation in the mechanical engineering industry probably helped German manufacturers to compete with U.S. manufacturers and, as industry demand declined, allowed the Germans to use heavier worksharing and some reduction in force to maintain productivity and retain skilled personnel without adding to unemployment insurance taxes.

Vroman, W. (1992). UI Research Exchange: An Essay on Short-time Compensation (UI Occasional Paper 92-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Experiences with worksharing, short-time compensation programs in selected states have shown them to be administratively feasible and to be viewed favorably by participating workers and employers. If worksharing is to reduce the volume of layoffs to a noticeable extent, however, many more workers and employers must participate in STC then have done so to date.

Walsh, S., London, R., McCanne, D., Needels, K., Nicholson, W., & Kerachsky, S. (1997). Evaluation of Short-Time Compensation Programs (UI Occasional Paper 97-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Short-time compensation (STC) is an option within the unemployment insurance system that allows employers to reduce the hours of workers, while permitting workers to receive compensation for their partial layoff. This report examines the operations of short-time compensation programs, and is based on research conducted by Berkeley Planning Associates and Mathematica Policy Research under contract to the U.S. Department of Labor. Research activities addressed state and employer participation in STC and a range of issues related to the administration, financing, and impacts of STC programs. Conclusions from this research point to a variety of means for improving the operations of STC programs and increasing employer participation.

Supplemental Benefits

Corson, W. (1994). Characteristics of FSC I/II Recipients. Princeton, NJ: Mathematica Policy Research, Inc.

Provides information on the characteristics of individuals who received Federal Supplemental Compensation benefits during the period September 1983 to March 1984.

Corson, W., Grossman, J., & Nicholson, W. (1986). An Evaluation of the Federal Supplemental Compensation Program (UI Occasional Paper 86-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of the evaluation is to provide concrete data from which future extended benefit policies may be fashioned. This analysis focuses on four broad policy issues that also distinguish the Federal Supplemental Compensation from previous extended benefit program. These issues are: (1) whether benefits should be extended automatically when unemployment rates rise or whether it is better to maintain benefit extensions as discretionary policy; (2) the degree to which the duration of extended benefits is linked to local market conditions; (3) the point at which extended benefits should trigger on or off and the duration of extended benefits for individual recipients; and, (4) the degree to which uniform eligibility criteria are applied in all states. (Summary written by UI Staff)

Corson, Walter, Needels, Karen, & Nicholson, Walter. (1998, Jan). Emergency Unemployment Compensation: The 1990's Experience (UI Occasional Paper 98-1). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study examines policy issues raised from the implementation of the Emergency Unemployment Compensation Act of 1991. This study is currently being revised; a complete abstract will be provided once the revision is complete. (Summary written by UI Staff)

Corson, W., & Nicholson, W. (1982). The Federal Supplemental Benefits Program: An Appraisal of Emergency Extended Unemployment Insurance Benefits. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Felder, H. & Podenza, R. (1978). The Federal Supplemental Benefits Program: Impact of P.L. 95-19 on Individual Recipients (UI Occasional Paper 78-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Felder, H. & West, R. (1978). The Federal Supplemental Benefits Program: National Experience and the Impact of P.L. 95-19 (UI Occasional Paper 78-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objectives of this report are to: (1) provide a background to the enactment of PL 95-19; (2) summarize the major aspects of PL 95-19 and to relate it to the Emergency Compensation Act of 1974, which established the Federal Supplemental Benefits (FSB) program; (3) describe the national experience under the FSB program; (4) describe the characteristics of FSB recipients; and, (5) evaluate the impact of PL 95-19 on various aspects of the FSB program, in particular, the number of claimants, the benefits paid, and the number of denials. (Excerpted from Introduction)

Holen, A. (1984, Apr). Federal Supplemental Compensation and Unemployment Insurance Recipients. Monthly Labor Review, 107(4), 43-44.

The Federal Supplemental Compensation program was enacted in September 1982 to give benefits to individuals who had exhausted benefits from regular and extended unemployment insurance plans. From September 1982 through December 1982, only ten of the unemployment insurance recipients collected supplemental benefits, and 45 percent of that ten percent had already received extended benefits. The age and sex of supplemental benefits recipients was about the same as those who received regular unemployment benefits. However, 27 percent of the supplemental benefits recipients were nonwhite, compared with 18 percent of the regular unemployment insurance recipients. People in service industries were more likely to receive supplemental benefits than those in manufacturing. However, supplemental benefits recipients who also got extended benefits were more likely to be men, white, and in manufacturing than those who did not get extended benefits. The joblessness of supplemental benefits recipients was more often attributed to factors other than the recession.

Ishikawa, M. (1980, Nov). Flexible Potential Duration of Unemployment Benefits-An Alternative Approach to Extended Benefits. Paper presented at the CWBH Conference, Philadelphia, PA.

Lloyd, J. S. (1990). Tax Treatment of Supplemental Unemployment Compensation Benefits. Internal Revenue Bulletin, 36, 12, 14-15.

The Internal Revenue Service has issued a revenue ruling that applies to supplemental unemployment compensation benefits. The ruling provides that such benefits be tied to state unemployment compensation. Payment of the benefits cannot be in a lump sum if the benefits are to retain their exclusion from definition as wages under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act. Supplemental unemployment benefits must meet the same conditions to remain excludable from wage definition under the Railroad Retirement Act.

Moffit, R. A., & Nicholson, W. (1982, Feb). The Effect of Unemployment Insurance on Unemployment: The Case of Federal Supplemental Benefits. Review of Economics & Statistics, 64(1), 1-11.

The impact of Federal Supplemental Benefits on the duration of individual unemployment is investigated. The problem is modeled within a standard labor-leisure framework rather than within the usual job search framework; the choice model involves utility maximization subject to a piecewise-linear budget constraint thus generates non-linear choice equations.

Office of the Assistant Secretary for Policy. (1983). UI Research Exchange: Characteristics of Recipients of Federal Supplemental Compensation (UI Occasional Paper 83-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This study examines characteristics of 28,000 individuals who received FSC benefits during the period September-December 1982. Although the data does not constitute a random sample, the twelve states included in the study closely resemble the nation in their insured unemployment rates, industrial mix and demographic characteristics. (Excerpted from Executive Summary)

Taxable Wage Base

Cook, R. F., Vroman, W., Kirchner, J., Brinsko, A., & Tan, A. (1995). The Effects of Increasing the Federal Taxable Wage Base for Unemployment Insurance (UI Occasional Paper 95-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this study was to examine the effects of an increase in the Unemployment Insurance Federal Taxable Wage Base. To accomplish this objective, universe wage record were obtained from four states (Colorado, Maryland, Missouri, and Texas) for the calendar years 1990 and 1991. The weighted average wage in these states in 1991 was very close (98.7 percent) to the weighted average of all the states. A state-by-state simulation model was also developed based on historical relationships between the taxable wage base and the taxable wage proportion of total wages. Combined with estimates of the elasticities of demand and factor substitution obtained from a review of the theoretical literature, the model can be used to provide estimates of the employment effects of raising the Federal taxable wage base to various levels using different assumptions of model parameters. (Excerpted from Introduction)

Taxing UI Benefits

Anderson, P. M., & Meyer, B. D. (1997, Aug). Unemployment Insurance Takeup Rates and the After-tax Value of Benefits. The Quarterly Journal of Economics, 112(3), 913-937.

The recent decline in the unemployment insurance (UI) takeup rate has puzzled researchers. Using administrative data with accurate information on the potential level and duration of benefits, whether a separating employee receives UI is examined. A strong positive effect of the benefit level on takeup is found. Smaller effects of the potential duration and the tax treatment of benefits are also found. Simulations indicate that the recent inclusion of UI in the income tax base can account for the previously unexplained decline in UI receipt.

Beck, J. H. (1982, Jun). Perverse Effects of Partial Taxation of Unemployment Benefits. National Tax Journal, 35(2), 223-228.

In the Revenue Act of 1978, Congress, by enacting a formula for partial taxation of unemployment benefits, sought to increase the incentive for unemployed people to find and to accept jobs. Applications of algebraic expressions of this formula show the perverse effect of increasing the marginal net replacement rate rather than reducing it. The taxing of unemployment benefits in full, as ordinary income, reduces the marginal net replacement rate, giving the unemployed an incentive to find jobs. Numerical examples show the marginal net replacement rates when unemployment compensation is not taxable, and when the adjusted gross income excludes unemployment

compensation less than the base amount, plus the total unemployment compensation benefits received in a year. An examination of data for tax returns from the Statistics of Income Bulletin (1981) produces crude approximations of the numbers of taxpayers within specified adjusted-gross-income brackets to whom the disincentives apply. The increased effective marginal tax rate on earned income results in the distinguishable disincentive effects of: (1) raising the marginal net replacement rate, and (2) providing an incentive for the taxpayer to leave the labor force for the balance of the taxable year.

Laarman, L. M. (1982). When Benefit Payments Will be Subject to FICA, FUTA and Income-Tax Withholding. Journal of Taxation, 47(4), 206-209.

Lloyd, J. S. (1990). Tax Treatment of Supplemental Unemployment Compensation Benefits. Internal Revenue Bulletin, 36, 12, 14-15.

The Internal Revenue Service has issued a revenue ruling that applies to supplemental unemployment compensation benefits. The ruling provides that such benefits be tied to state unemployment compensation. Payment of the benefits cannot be in a lump sum if the benefits are to retain their exclusion from definition as wages under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act. Supplemental unemployment benefits must meet the same conditions to remain excludable from wage definition under the Railroad Retirement Act.

Solon, G. (1985). Work Incentive Effects of Taxing Unemployment Benefits. Econometrica, 53(2), 295-306.

UI Reform

Conerly, W. B. (1998). Jobs, Not Unemployment: Reforming Unemployment Insurance. Policy Insight, 104, 1-10.

Davidson, C., & Woodbury, S. A. (1997, Jan). The Optimal Dole with Risk Aversion and Job Destruction (Working paper 97-47). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

This paper extends earlier research on optimal unemployment insurance (UI) by developing an equilibrium search model that encompasses simultaneously several theoretical and institutional features that have been treated one-by-one (or not at all) in previous discussions of optimal UI. In particular, the model we develop allows us to determine the optimal potential duration of UI benefits as well as the optimal UI benefit amount; assumes (realistically) that not all workers are eligible for UI benefits; allows examination of various degrees of risk aversion by workers; models labor demand so that the job destruction effects of UI are taken into account; and treats workers as heterogeneous. The model suggests that the current statutory replacement rate of fifty percent provided by most states in the United States is close to optimal, but that the current potential duration of benefits (which is usually 26 weeks) is probably too short. This basic result--that the optimal UI system is characterized by a fairly low replacement rate and a long potential duration-- conflicts with most of the existing literature on optimal UI. It is argued, however, that the result is consistent with a large literature on optimal insurance contracts in the presence of moral hazard.

Feldstein, M. S. (1975). Unemployment Insurance - Time for Reform. Harvard Business Review, 53(2), 51.

Unemployment insurance should be realistically reevaluated and updated to meet the needs of our present-day economy. Unemployment compensation actually increases the duration and rate of unemployment. The reduction in net income is so low due to tax reductions for the unemployed that they may not be in a hurry to find another job. Also, unemployment payments encourage cyclical fluctuations in labor demand by raising the employees' net wages for such jobs relative to the employer's cost. Unemployment insurance can be reformed by taxing unemployment benefits. Also, employers should pay the full cost of employees' unemployment benefits, thus providing no incentive for unstable employment and thereby reducing cyclical employment fluctuations. Finally, unemployment loans should supplement the benefits and an individual employee experience rating should be introduced.

Feldstein, M., & Altman, D. (1998, Dec). Unemployment Insurance Savings Accounts (Working paper no. W6860). Cambridge, MA: National Bureau of Economic Research.

This study examines a system of Unemployment Insurance Saving Accounts (UISAs) as an alternative to the traditional unemployment insurance (UI) system. Individuals are required to save up to four percent of wages in special accounts and to draw unemployment compensation from these accounts instead of taking state unemployment insurance benefits. If the accounts are exhausted, the government lends money to the account. Positive accounts earn the return on commercial paper and negative accounts are charged that rate. Positive UISA balances are converted into retirement income or bequeathed if the individual dies before retirement age. Negative account balances are forgiven at retirement age. Money taken by an unemployed individual from a UISA with a positive balance reduces the individual's personal wealth by an equal amount. In this case, individuals fully internalize the cost of unemployment compensation. UISAs provide the same protection to the unemployed as the current UI system but with less of the adverse incentives. The key empirical question is whether accounts based on a moderate saving rate can finance a significant share of unemployment payments or whether the concentration of unemployment among a relatively small number of individuals implies that the UISA balances would typically be negative, forcing individuals to rely on government benefits with the same adverse effects that characterize the current UI system. To resolve this issue we use the Panel Study on Income Dynamics to simulate the UISA system over a 25 year historic period. Our analysis indicates that almost all individuals have positive UISA balances and therefore remain sensitive to the cost of unemployment compensation. Even among individuals who experience unemployment, most have positive account balances at the end of their unemployment spell. Although about half of the benefit dollars would go to individuals whose accounts are negative at the end of their working life, less than one third of the benefits go to individuals who also have negative account balances when unemployed. These facts suggests a substantial potential improvement in the incentives of the unemployed. The cost to taxpayers of forgiving the negative balances is substantially less than half of the taxpayer cost of the current UI system. This analysis of the distribution of lifetime UISA payments and taxes of household heads shows the top quintile gaining a small cumulative amount while those in the bottom quintile lose a very small cumulative amount. Other quintiles are small net gainers.

Johnson, E. R. (1999). Unemployment Insurance and Employment Service Programs: A Dialogue Summary. Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper summarizes the results of conversations held during the National Dialogue on Unemployment Insurance and Employment Services and stakeholder groups (i.e. States, Regional Offices, Individuals, Labor, Employers, etc.). It also incorporates written comments submitted by these groups. The Dialogue, as it's called, was held between March and September 1998. (Summary written by UI Staff)

Leigh, D. E. (1996). The Role of Unemployment Insurance in Addressing Structural Unemployment: Lessons from Other Nations. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. FF1-FF55). Washington, DC: Advisory Council on Unemployment Compensation.

Most industrialized nations, including the United States, are currently faced with rising long-term unemployment associated with increased structural unemployment as a fraction of total unemployment. The U.S. leads the world in funding demonstration projects designed to test the effectiveness of active labor market policies in combating structural unemployment. However, we have much less experience than many other nations with actual implementation of these policies on a nationwide basis. This paper examines unemployment compensation system reforms recently implemented in Britain, Australia, and Canada as responses to rising long-term unemployment. Broadly speaking, these reforms are intended to enhance work incentives of unemployment compensation recipients and to strengthen the linkage between unemployment benefits and reemployment service. A number of lessons are drawn from the experiences of these nations that might be usefully considered in reforming our unemployment insurance system.

Parsons, D. O. (1995). Wage Insurance: A Policy Review. In Advisory Council on Unemployment Compensation: Background Papers, Volume II (p. Y1-Y35). Washington, DC: Advisory Council on Unemployment Compensation.

An important policy question is the extent to which private and public mechanisms designed to shape stable consumption streams from unstable earnings are successful, and, if they are not, what policy reforms might improve consumption smoothing mechanisms in the United States. The focus here is on the unemployment insurance (UI) system and recent proposals to reform and extend the current system. This paper explores several proposals to improve earnings insurance against involuntary job loss.

Three wage insurance reforms are examined and evaluated against the above stated policy question. Tax-incentives for individual unemployment accounts, experience rating of workers in the UI system and reemployment wage insurance are discussed. Each has its limitations. The issue of insuring workers against major declines in wages is an important objective and deeper consideration of mechanisms to achieve that objective is clearly warranted. (Summary written by UI Staff)

Snower, D. J. (1995). Unemployment Benefits: An Assessment of Proposals for Reform. International Labour Review, 134(4-5), 625-647.

Unemployment Insurance Financing and Employer Costs

(1983). Jobless Benefits: A Vicious Cycle. Business Week, 2778, 123-124.

Reviews the large deficit of the unemployment insurance system and its impact on states that are borrowing from the Federal government.

Advisory Council on Unemployment Compensation. (1995). Unemployment Insurance in the United States: Benefits, Financing, Coverage. Washington, DC: Author.

Anderson, P. M., & Meyer, B. D. (1998, Nov). Using a Natural Experiment to Estimate the Effects of the Unemployment Insurance Payroll Tax on Wages, Employment, Claims, and Denials (Working paper no. W6808). Cambridge, MA: National Bureau of Economic Research.

The recent experience of Washington State provides a natural setting to examine the effects of the unemployment insurance payroll tax on wages, employment, claims and denials. During the thirteen year period from 1972 through 1984, all employers in Washington paid the same unemployment insurance (UI) tax rate. As a by-product of Federal legislation, Washington was forced to adopt an experience-rated system in 1985. This paper takes advantage of this incidence and the effects of experience rating. Results based on individual-level quarterly earnings are supportive of the idea that industry average tax rates are largely passed on to workers in the form of lower earnings. However, our estimates imply that a firm can shift much less of the difference between its tax rate and the industry average rate. We then analyze the effect of experience rating on employment, UI claims, and UI denials by comparing the experience of Washington State before and after the 1985 change with that of other states. Our results are generally supportive of the prediction that experience rating reduces turnover and UI claims, and increases claim denials.

Anderson, P. M., & Meyer, B. D. (1997, Aug). The Effects of Firm Specific Taxes and Government Mandates with an Application to the U.S. Unemployment Insurance Program. Journal of Public Economics, 65(2), 119-145.

The common, but unexamined, case of a tax or government mandate whose cost differs across firms within the same labor market is examined. The theoretical model shows that this variation can lead to employment reallocation across firms and dead-weight losses, even if there is no aggregate employment effect. Using firm level unemployment insurance tax data, it is found that while the market level tax is mostly born by the worker, individual firms can only pass on a small share of the within market differences. Thus, in some cases differences in taxes across firms can lead to large dead-weight losses.

Anderson, P. M., & Meyer, B. D. (1994, Dec). The Effect of Unemployment Insurance Taxes and Benefits on Layoffs Using Firm and Individual Data (Working Paper No. 4960). Cambridge, MA: National Bureau of Economic Research.

From P.M. Anderson: "We use new high quality firm and individual level administrative data and methods which subsume past approaches to examine the effects of unemployment insurance (UI) taxes and benefits on layoffs. Our evidence is consistent with a substantial effect of experience rating on layoff rates. Our estimates imply that incomplete experience rating is responsible for over twenty percent of temporary layoffs. While past work has concluded that there are substantial effects of experience rating on layoffs, our results indicate that large offsetting biases in past methods may have led to results. We find that the tax variables used in past studies are poor proxies for firm level incentives. This work applied state UI tax schedules to an estimated average layoff rate. Since the relationship between the tax incentives and past layoffs is not linear or even monotonic, it is not surprising that the proxies perform badly. Besides correctly measuring tax incentives, research methods in this area must face the problem that key explanatory variable, the UI tax cost, is determined by functions of the dependent variable, the layoff rate. Our empirical methods include several new approaches as well as encompassing past methods. The new approaches condition on past firm layoffs or use of UI, and use changes in tax schedules to identify tax effects. We also examine the alternative theoretical approaches that have been used to model experience rating, with our empirical results providing mixed evidence on both approaches."

Anderson, P. M., & Meyer, B. D. (1993). The Unemployment Insurance Payroll Tax and Interindustry and Interfirm Subsidies. In James M. Poterba (Ed.) Tax Policy and the Economy, Vol. 7 (pp. 111-114). Cambridge, MA: MIT Press.

Barnow, B. S. & Vroman, W. (1987). An Analysis of UI Trust Fund Adequacy (UI Occasional Paper 87-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report analyzes the financing of state unemployment insurance benefit payment programs and particularly the 1.5 reserve multiple and other measures of trust fund adequacy and illustrates their strengths and weaknesses. The authors conclude that it is inappropriate for state unemployment insurance benefit financing systems to focus on the trust fund alone when assessing financing adequacy as has been done previously.

Barron, J. M., & Mellow, W. (1981, Mar). Interstate Differences in Unemployment Insurance. National Tax Journal, 34(1), 105-113.

Unemployment insurance (UI) is a social insurance program operated by the states under general Federal guidelines, that is designed to provide short term income support for unemployed workers. An unemployed worker's receipt and level of UI benefits are determined by his prior employment attributes and the parameters of his state's UI program. The program is financed by funds accumulated from payroll taxes. Unemployment insurance programs differ across states, potentially affecting locational decisions of firms and the pattern of unemployment across states. An investigation of such differences in UI programs that avoids the complex task of comparing numerous program parameters has been conducted. Three key measures of state differences were obtained that allow a sharper delineation of the actual differences that a given worker could expect to encounter if located in a different state and the differences in UI taxes a given employer could anticipate encountering in a different state.

Beausejour, L., Sheikh, M. A., & Williams, B. (1998, Sep). Experience Rating Employment Insurance Contributions. Canadian Public Policy, 24(3), 388-393.

Unless demonstrated to the contrary, the invisible hand of the price system is the most efficient means to allocate resources and maximize economic performance. This suggests experience rating of an insurance scheme for unemployment. Simulation results from a 95-sector general equilibrium model, developed especially for studying this issue, show that a move to experience rating has the potential to substantially reduce unemployment, and increase output, wage income and employment, both in aggregate terms and in most sectors of the economy.

Becker, J. M. (1982, Summer). The Location of Financial Responsibility in Unemployment Insurance. University of Detroit Journal of Urban Law, 59, 509-543.

Article attempts to answer the question of whether it is desirable to place "financial responsibility for unemployment insurance on the states and individual employer."

Becker, J. M. (1981). Unemployment Insurance Financing: An Evaluation. Washington, DC: The American Enterprise Institute.

Becker, J. M. (1980). Reinsurance and Cost Equalization. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 349-354). Washington, DC: The National Commission on Unemployment Compensation.

A carefully constructed discussion of the separate natures of reinsurance and cost equalization as applied to unemployment insurance benefit financing.

Blaustein, S. J. (1982). Unemployment Insurance Fund Solvency and Debt in Michigan. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Reviews the fund insolvency problem and makes recommendations.

Bowes, M., Brechling, F. P. R., & Utgoff, K. P. C. (1980). An Evaluation of UI Funds. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 315-328). Washington, DC: The National Commission on Unemployment Compensation.

Brechling, F. (1980, Feb). The Tax Base of the U.S. Unemployment Insurance Tax: An Empirical Analysis. The Review of Economics and Statistics, 62(1), 32-44.

In the U.S., unemployment insurance benefit payments are financed primarily by taxes on employers' payrolls. The base of this tax is, however, not the actual payroll but the taxable payroll. Because of the legal provisions according to which the taxable payroll is computed, precise analytical formulae for the taxable payroll can be derived but only for certain postulated employment patterns. Expressions are derived for a mean taxable payroll for situations in which data for particular types of individual workers are not available. The results indicate that annual earnings and labor turnover tend to exert a positive influence on the taxable payroll, and the taxable wage base tends to have a positive effect at low values and a negative one at high values. The taxable payroll implies a marginal tax cost of labor turnover which is estimated to reach a maximum when the taxable wage base is set at about one half of annual earnings.

Brechling, F., & Laurence, L. (1995). Permanent Job Loss and the U.S. System of Financing Unemployment Insurance. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Broadway, R. W., & Oswald, A. J. (1983, Mar). Unemployment Insurance and Redistributive Taxation. Journal of Public Economics, 20(2), 193-210.

The socially optimal levels of unemployment insurance, redistributive taxation, and experience rating are examined in a simple two-sector model of a risky economy. The analytical framework is that of implicit contract theory. It has been contended both theoretically and empirically that unemployment insurance generates problems of moral hazard which provide incentives for workers and firms to exploit it in socially inefficient ways, a view which has led to pressure on governments to reduce their payments to those workers who are without jobs. However, it is not entirely clear that the case for state unemployment insurance should or need depend on efficiency arguments. An attempt is made to make precise the notion that there is a normative justification for state unemployment insurance schemes. It is found that, if perfect lump-sum transfers are available, no layoff distortion should be imposed, and full insurance and perfect experience rating are desirable. However, if lump-sum taxation is applied only to the employed, or if the government is limited to using uniform progressive taxation, some deviation from full experience rating is necessary. The analysis makes possible the precise identification of the nature of the distortion on the layoff decision which must be offset by the experience-rating parameter.

Brown, E. (1980). Specific Tax Formulas for Experience Rating. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 265-270). Washington, DC: The National Commission on Unemployment Compensation.

Contrasts the two most popular formulas for experience rating; reviews arguments for experience rating; suggests how theoretical notions of "good" experience rating might be translated into criteria that can be applied to the tax schedules currently in use. Analysis suggests that the reserve ratio system may not be as good an approach as originally hoped.

Burtless, G., & Vroman, W. (1985). Unemployment Insurance Program Solvency in the 1980s. Monthly Labor Review, 108(5), 27-28.

Card, D. E., & Levine, P. B. (1994, Jan). Unemployment Insurance Taxes and the Cyclical and Seasonal Properties of Unemployment. Journal of Public Economics, 53(1), 1-29.

A newly assembled database of experience-rating factors for individual states and industries is used to measure the effects of imperfect experience-rating at different points in the demand cycle. The Current Population Survey micro data from 1979 to 1987 is used to estimate the effect of experience-rating on temporary layoff unemployment rates during the cyclical downturn in the early 1980s, and in the expansionary periods before and after. The effects in different months of the year are also examined. A strong negative correlation between the degree of experience-rating and the rate of temporary layoff unemployment in recessionary years is found, with smaller and unsystematic correlations in expansionary years. Likewise, temporary layoff rates in high-unemployment months are strongly negatively correlated with the degree of experience-rating. By comparison, there is no relation between experience-rating and the unemployment rate of job-quitters and labor force reentrants.

Christofides, L. N., & McKenna, C. J. (1996, Apr). Unemployment Insurance and Employment Patterns in Canada. The Canadian Journal of Economics, 29(1), S8-26.

Recent public concern with the features and cost of the social safety network generally and Unemployment Insurance in particular has led a number of agencies to encourage research in these important policy areas. The results from research that were presented at one of the Calgary CEA sessions on unemployment insurance are summarized, and an attempt is made to place them in the context of the broader work and findings to this point.

Cook, Z. (1997). Temporary Layoffs in the U.S. Unemployment Insurance System: A Comparison of Two Experience Rating Methods. Quarterly Review of Economics and Finance, 37(4), 823-841.

A study presents a comparison of temporary layoff behavior caused by the two most common methods of experience rating in the U.S. unemployment insurance system, the reserve ratio and the benefit ratio methods. Differences in layoff paths arise from different adjustment processes. Under the former, layoff rates adjust gradually to their optimal levels whereas under the latter, layoff rates adjust instantaneously. This leads to important differences in average layoff rates. However, neither method is judged to be superior in all circumstances.

Cook, R. F. & Brinsko, A. E. (1997). Employee Leasing: Implications for State Unemployment Insurance Programs: Final Report (UI Occasional Paper 97-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This report presents the results of an exploratory study of the employee leasing industry. It begins with an description of the employee leasing industry, as well as its size and characteristics. State unemployment insurance (UI) tax administrators were questioned on their experience with the industry and their response in terms of handling leasing companies with regard to the taxing and reporting provisions of state law. The implications of the leasing industry on state UI trust funds is also discussed.

Cook, R. F., Vroman, W., Kirchner, J., Brinsko, A., & Tan, A. (1995). The Effects of Increasing the Federal Taxable Wage Base for Unemployment Insurance (UI Occasional Paper 95-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this study was to examine the effects of an increase in the Unemployment Insurance Federal Taxable Wage Base. To accomplish this objective, universe wage record were obtained from four states (Colorado, Maryland, Missouri, and Texas) for the calendar years 1990 and 1991. The weighted average wage in these states in 1991 was very close (98.7 percent) to the weighted average of all the states. A state-by-state simulation model was also developed based on historical relationships between the taxable wage base and the taxable wage proportion of total wages. Combined with estimates of the elasticities of demand and factor substitution obtained from a review of the theoretical literature, the model can be used to provide estimates of the employment effects of raising the Federal taxable wage base to various levels using different assumptions of model parameters. (Excerpted from Introduction)

Cottle, K., & van Bulck, M. (1980). Historical Evaluation of Benefit Financing. Washington, DC: U.S. Department of Labor.

Craig, S. G., & Palumbo, M. G. (1994). Beyond Insurance, Towards Redistribution: An Analysis of State Government Design of Unemployment Insurance. Texas: University of Houston, Department of Economics.

Crosslin, R. (1980). Cost Reinsurance. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 355-368). Washington, DC: The National Commission on Unemployment Compensation.

Discusses proposals for helping state unemployment insurance systems deal with unpredictably high benefit costs.

Davidson, C., & Martin, L. (1996). Administrative Funding of Unemployment Insurance as a Principal-Agent Problem. In Advisory Council on Unemployment Compensation: Background Papers, Volume IV (p. NN1-NN43). Washington, DC: Advisory Council on Unemployment Compensation.

The money used to finance unemployment insurance in the United States comes from two sources. Individual states must raise the revenue required to finance the benefit payments but they bear no responsibility for financing the administration of the system. Administrative expenses are funded by the Federal government with money appropriated by Congress out of accumulated Federal Unemployment Tax revenues. There is widespread (and justified) dissatisfaction among states. It is argued that the current system not only fails to promote efficiency but may also encourage waste. The purpose of this paper is to analyze the incentive problems inherent in administrative funding, evaluate the current system and several alternatives, and propose reforms. (Excerpted from

Introduction)

Fisher, P. (1980). The Canadian Program. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 907-917). Washington, DC: The National Commission on Unemployment Compensation.

Describes benefit and financing provisions of the Canadian unemployment insurance (UI) system and the relation of UI to other manpower programs.

Freiman, M. (1980). State Trust Fund Behavior. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 299-314). Washington, DC: The National Commission on Unemployment Compensation .

Attempts to test the proposition that the availability of interest free loans to states with insolvent unemployment insurance funds in the 1975-77 period resulted in states raising tax rates less quickly than would otherwise have been the case.

Henle, P. (1980). The Federal Budget: Removal of State Unemployment Trust Funds. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 373-387). Washington, DC: The National Commission on Unemployment Compensation.

Discusses the pros and cons of removing state unemployment insurance trust funds from the unified Federal budget and how such a change might be implemented.

Hibbard, R. L. (1980). Solvency Measures and Experience Rating. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 329-338). Washington, DC: The National Commission on Unemployment Compensation.

Points out some types of tax provisions that, either by presence or absence, can interfere with the execution of unemployment insurance benefit financing policy.

Hight, J. E. (1980). Borrowing and Investment Provisions for the UI Trust Fund. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 339-342). Washington, DC: The National Commission on Unemployment Compensation.

Describes the present arrangements for investing state UI trust funds, present borrowing provisions, likely effect of investment and borrowing provisions on incentives to maintain solvency. Discusses possibility of mandatory solvency standards and alternative borrowing and investment provisions. Suggests a policy alternative to the present system that would not involve a mandatory solvency standard.

Hight, J. E. (1980). Financing Extended Benefits and Reinsurance: General Revenue Versus the Payroll Tax. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 369-372). Washington, DC : The National Commission on Unemployment Compensation.

Discusses the economic implications of using general revenues instead of a payroll tax to finance a portion of unemployment insurance benefit costs.

Jacobson, L. (1983). Unemployment Insurance Financing: An Evaluation. Industrial & Labor Relations Review, 36(2), 311-313.

Kaiser, C. P. (1981, Feb). The Effects of Unemployment Insurance on the Labor Demand Response by the Firm to Periodic Shifts in Product Demand (Doctoral dissertation, Washington University). Dissertation Abstracts International, 41 (8), 3671A.

Since the unemployment insurance (UI) system alters the costs and constraints under which individual workers and firms operate, it is likely that it has an impact on the behavior of workers and firms. The objective of this dissertation is to study the impact of the UI system, particularly the UI tax, on the labor demand decisions of firms expecting periodic shifts in product demand.

Hypotheses regarding the impact of the UI system on firm decisions include the following: first, given the experience rating is never perfect, on the margin, a greater degree of experience rating will increase the marginal cost of a layoff and thereby discourage layoffs; second, given the degree of experience rating, if the marginal UI tax cost of a layoff exceeds (is less than) the expected marginal cost of hiring new workers in the subsequent recovery period, then greater UI benefits will discourage (encourage) layoffs; third, given that the taxable wage base--the amount of a worker's annual earnings, it is argued that an increase in the taxable wage base will also increase the marginal cost of a layoff and therefore discourage layoffs. Finally, each of these changes in a UI system parameter is also expected to increase the average annual hours per worker since it increases the marginal cost of the last worker-hour resulting from an employment stock change relative to the marginal cost of the last worker-hour resulting from a change in average hours per worker.

The empirical findings suggest that the UI system does influence labor demand decisions; the hypotheses have indeed been confirmed by the empirical results obtained for 15 individual industry samples. (Excerpted from abstract in Dissertation Abstracts International)

Kelly, A. (1997). The Performance of Illinois' Unemployment Insurance System Over Business Cycles. International Journal of Public Administration, 20(8,9), 1645-1674.

The back-to-back recessions of the early 1980s drove Illinois and most other states deep into debt to the Federal government for their unemployment insurance systems. As part of the process of debt repayment, Illinois created a model of the state's unemployment insurance (UI) system to analyze legislation geared to debt repayment. Illinois' UI forecasting model is described, and two uses of the model for UI system evaluation are examined. Illinois' system is found to be solvent, as it accumulates little or no debt over severe business cycles and repays debt automatically. It is also found to be counter-cyclical, as benefits increase during recessions, and tax rates tend to increase at times of low unemployment.

Kesselman, J. R. (1983). Financing Canadian Unemployment Insurance. Toronto: Canadian Tax Foundation.

Kornblum, A. (1983, May). Unemployment Compensation: The System Isn't Working. Nation's Business, 71(5), 74.

The unemployment compensation system in the U.S. is almost \$20 billion in debt. The debt may grow to \$30 billion by 1984 when as many as forty states may be borrowing from the Federal government in order to continue paying benefits. This problem is a result of: (1) three progressively deeper recessions, (2) short recovery periods that did not allow the states to replenish their reserves, (3) the increase in benefit and administrative costs as a result of inflation, and (4) the use of interest-free Federal loans to the states' unemployment trust funds. The stability of the entire system will be threatened unless remedial steps are taken quickly at the Federal and state levels. A Social Security reform bill passed in March 1983 requires changes in unemployment compensation. It provides up to ten additional weeks of supplemental benefits for an estimated 1.3 million jobless workers who would have exhausted all benefits by April 1, 1983. It will also allow workers to apply part of their benefits toward a group health plan. Interest is now being charged on the Federal loans, which has led states to curb costs. However, a long-term solution has not been found.

Mackin, J. P. (1980). Benefit Financing in Unemployment Insurance: A Problem of Balancing Responsibilities. International Labour Review, 119(4), 517-518.

Marks, L. D. Jr. (1981, Apr). Issues in Unemployment Insurance Financing: Cross-Subsidies and Incentives for Layoffs (Doctoral dissertation, Princeton University). Dissertation Abstracts International, 41 (10), 4448-A.

Experience rating is a method of providing an incentive for employment stabilization by varying an employer's unemployment insurance payroll tax in direct relation to his debt to the unemployment insurance fund resulting from benefits paid to laid off employees. This research explores two basic issues raised by the use of incomplete experience rating in the financing of state unemployment insurance programs in the United States: first, the degree of experience rating in the system as reflected by the permanence of tax rate assignments and the existence of cross subsidization among employers, and, second, the effect of the limiting payroll tax rates on employers' layoff rates.

Findings indicate that fewer than half of all the employers in the system are subject to complete experience rating at any point in time; this figure is about half for employers eligible for a normal tax rate assignment. Moreover, most employers tend to stay in their tax rate category over time (as tested by a mover-stayer model) so that they are either always or never exposed to the employment stabilization incentive. (Excerpted from abstract listed in Dissertation Abstracts International)

Marks, D. (1984, Nov). Incomplete Experience Rating in State Unemployment Insurance. Monthly Labor Review, 107(11), 45-49.

The states' unemployment insurance (UI) programs use incomplete experience rating to determine an employer's tax rate for unemployment compensation. The higher an employer's unemployment rate, the higher taxes it will pay up to a certain maximum; an employer with low worker layoff rates pays lower taxes to a certain minimum. A study of fiscal 1975 to 1978 UI data for a sample of over 17,000 New Jersey employers, found that about half the employers moved up and down between the maximum and minimum rates, meaning they were effectively experience rated. The other employers fell into the maximum or minimum categories. Employers in the maximum tax rate category tended to stay there, and between 1975 and 1978, the percent of employers in this category increased from 8.5 to 16.5 percent. Results suggest that the UI tax rate assignments seem to lack strong incentives for employment stabilization, particularly for employers in the maximum rate category.

Meadows, R. W. (1984). UI Research Exchange: The Missouri UI Financing Model, A Practical, Mathematical Approach (UI Occasional Paper 84-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The objective of this report is to create an all-purpose model for evaluating legislative proposals and for evaluating the cash flow status of the unemployment insurance trust fund for loans, loan payments and other purposes.

National Commission on Unemployment Compensation. (1980). Employment Security Administrative Financing: ICESA Recommendations Based on Analysis of Recommendations by Macro Systems, Inc. With Comments by the Employment and Training Administration of the Department of Labor. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 603-621). Washington, DC: Author.

This project had three distinct elements: (1) document the current administrative financing system, (2) identify and examine the feasibility of alternative funding mechanisms for the unemployment insurance and Job Service programs, and (3) make long-term recommendations for change. (Summary written by UI Staff)

Nicholson, W. (1992, Jan). Economic and Social Security and Substandard Working Conditions -- Unemployment Insurance Trust Fund Adequacy in the 1990s by Wayne Vroman. Industrial & Labor Relations Review, 45(2), 391.

Padilla, A. (1981, Dec). The Unemployment Insurance System: Its Financial Structure. Monthly Labor Review, 104(12), 32.

The Federal-state system of unemployment insurance (UI) originated with the Social Security Act of 1935 and related laws. Today all fifty states, and the U.S. territories, have UI programs broadly compatible with the Federal program. Together, these systems cover 90 percent of all employers and 95 percent of all wage and salary employees. Individual employers have borne the insurance costs of unemployment and have treated the UI system as another cost of doing business. With the extended benefits program of 1970 and the Federal Supplemental Benefits program of 1974, the Federal role in UI increased. States may borrow interest-free Federal funds to meet benefit obligations, resulting from two situations: (1) too high benefit awards in relation to tax receipts, or (2) lengthy and steep unemployment rates within a state. Currently, seventeen states have an outstanding loan balance of \$5.9 billion, 75 percent of which is owed by five states: Illinois, Michigan, New Jersey, Ohio, and Pennsylvania. The Federal debt amounts to \$7.6 billion. Possible solutions to the deficient financial structure are discussed, focusing on program solvency consistent with the principle of limited employer responsibility.

Pissarides, C. A. Efficiency Aspects of the Financing of Unemployment Insurance and Other Government Expenditures. Review of Economic Studies, 1, 57-69.

Ragan, J. F. Jr., & Slottje, D. J. (1989, Winter). Alternatives To Unemployment-Based Funding Formulas. Growth and Change, 20(1), 17.

Every year, Congress allocates billions of dollars to states based on unemployment. However, from an economic viewpoint, the unemployment rate may not be the ideal criterion for identifying unskilled, disadvantaged, and dislocated workers. If Congress wants to continue focusing on unemployment, it has a choice of many different unemployment series. These statistics vary greatly in statistical reliability and in timeliness. The effects of alternative allocation criteria on states and regions are considered. Employment and training programs, which are among the major programs to allocate Federal funds based on state unemployment, are analyzed. A total of twelve allocation formulas are considered based on alternative measures of need, and two separate years, 1979 and 1982, are examined. The results for 1979 show that, had funding been based exclusively on one of these alternative criteria, the distribution of funds across states would have been substantially different. Even switching from one unemployment statistic to another would have significantly altered the geographic distribution of funds.

Rikkert, H. J. (1986, Sep). Financing of Unemployment Protection Schemes. Report of the Permanent Committee on Unemployment Insurance and Employee Maintenance to the XXIIInd General Assembly of the International Social Security Association, Montreal, Canada.

Saffer, H. (1980). The Effects of Experience Rating on the Unemployment Rate. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 425-430). Washington, DC: The National Commission on Unemployment Compensation.

Estimates effect of wage replacement rate, potential duration, minimum tax rate and maximum tax rate on unemployment using data from the Handbook of Unemployment Insurance Financial Data and additional data from the ES-202 report.

Saffer, H. (1980). The Financing System: An Econometric Model. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 921-938). Washington, DC: The National Commission on Unemployment Compensation.

Snower, D. J. (1995). Unemployment Benefits Versus Conditional Negative Income Taxes (IMF Working Paper).

State of Idaho Department of Employment. (1986). Unemployment Insurance Financing and Benefit Costs. Boise, Idaho: Author.

Tannenwald, R., & O'Leary, C. J. (1997). Unemployment Insurance Policy in New England: Background and Issues. New England Economic Review, 3-22.

Almost two-thirds of the states, and all the New England states except New Hampshire, have exhausted their unemployment insurance trust fund and borrowed from the Federal government at least once in the past 35 years. Under such circumstances, states are required by law to raise unemployment insurance taxes to replenish their trust funds and pay off their debts to the federal government. Background information and analysis are provided to clarify issues underlying the unemployment insurance policies of New England, in general, and a tax reduction under consideration in Massachusetts, in particular. The main point is that alternative unemployment insurance policies should not be judged solely by the yardsticks of economic competitiveness and trust fund adequacy. Allocative neutrality and economic stabilization are also relevant concerns.

The Urban Institute. (1986). Experience Rating in Unemployment Insurance: Some Current Issues. Washington, DC: Author.

What will result from statutory changes that increase the degree of experience rating in unemployment insurance? Two consequences can be anticipated: (1) it will change the allocation of unemployment insurance costs across industries; (2) it will lead to some lessening of layoffs, employee turnover, and unemployment.

Thompson, R. W. (1998, Dec). Unemployment Insurance Costs Dropped From 1997 to 1998. HR Magazine, 43(13), 12.

Tillema, R. G. (1989). UI Research Exchange: What is the Probability that a State Unemployment Reserve Fund Will Remain Solvent? (UI Occasional Paper 89-4). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

This paper discusses the Reserve Multiple Rule for assessing the necessary reserve levels to pay benefits during and immediately after a recession.

Topel, R. Unemployment Insurance Financing and Unemployment: Empirical Investigation of Adverse Incentives. Chicago, IL: University of Chicago.

Topel, R. H. (1984). Unemployment and Unemployment Insurance. Santa Monica, CA: Unicon Research Corporation.

The author estimates the impact of the current unemployment insurance (UI) system on measured unemployment and estimates the effects of UI financing methods on transitions to and from unemployment, including permanent layoffs, temporary layoffs, and quits. The author also examines the effects on the duration and frequency of unemployment spells.

Trivedi, P. K. (1996). The Sensitivity of the Costs of Unemployment Benefits to Variations in the Key Program Parameters: Evidence from the G-7 Nations. In Advisory Council on Unemployment Compensation: Background Papers, Volume III (p. GG1-GG58). Washington, DC: Advisory Council on Unemployment Compensation.

This paper presents a framework for evaluating the role of policy changes in the evolution of unemployment compensation (UC) expenditures. Within this framework UC expenditures are related to average weekly (or annual) benefits, initial or first time payments and average duration on unemployment compensation. These three variables in turn are modeled in terms factors which include policy variables that reflect changes in the scope, coverage and generosity of the UC system in each country. The modeling framework allows one to study the channels through which UC policy works. The framework is implemented econometrically using annual data for the 1960-93 period from five Organization for Economic and Community Development countries. The emphasis is on medium and long term cointegrating relations rather than short term dynamics. The econometric analysis helps to identify the reasons why the aggregate sensitivity of UC expenditures to cyclical variations in unemployment differs significantly in the five countries. Estimates are provided of the impact of past policy changes on the inflows into UC benefit pool and on the average of duration of compensation.

U.S. Department of Labor, Office of the Inspector General. (1985). Financing the Unemployment Insurance Program Has Shifted from a System Based on Individual Employer's Responsibility Towards a Socialized System. Washington, DC: Author.

The Office of the Inspector General has completed a review of the financing mechanism for the unemployment insurance (UI) program, experience rating. The objectives were to determine the degree of experience rating in the States and to determine the effects which the degree of experience rating may have on the UI environment. The study concludes that the effectiveness of experience rating can be enhanced by constant and routine accounting of socialized costs.

U.S. Department of Labor. (1985). Unemployment Insurance Experience Rating Audit. Washington, DC: Author.

This study addresses the main reasons for the decline in the use of experience rating and quantifies the effect of the decline on the unemployment insurance program.

Vroman, W. (1989). Experience Rating in Unemployment Insurance: Some Current Issues (UI Occasional Paper 89-6). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The Unemployment Insurance (UI) System was established with the Social Security Act of 1935 as a Federal-state program designed to be self-financing. States have the responsibility to structure their benefit and taxing systems. Employers finance the system with payroll taxes based on their experience with unemployment. This Occasional Paper is a compilation of: (1) Dr. Wayne Vroman's report, "Experience Rating in Unemployment Insurance: Some Current Issues"; (2) the Manual Transmittal Letter No. 1460, dated January 4, 1988 (transmitted to all State Employment Security Agencies revised reporting instructions for the ETA 204); (3) the Experience Rating Report; and, (4) the Unemployment Insurance Program Letter No. 42-89, dated July 6, 1989 (published results of the first Experience Rating Index). (Summary written by UI Staff)

Wolcowitz, J. (1984, Nov). Dynamic Effects of the Unemployment Insurance Tax on Temporary Layoffs. Journal of Public Economics, 25(1,2), 35-51.

The reserve ratio method of experience rating the unemployment insurance (UI) tax is inherently a dynamic process. A tax rate is assigned to a firm based on its reserve ratio, the ratio of the balance in the firm's UI account to its taxable payroll. A model of temporary layoffs is developed as part of the compensation package a firm offers its workers. A tax function is considered that is continuous but piecewise linear with three segments corresponding to a ceiling tax rate, a floor tax rate, and a negatively sloped segment between them. Since the whole tax schedule is not linear, the optimal behavior of a firm is not to offer the same package of layoffs and wages at each reserve ratio. Furthermore, despite the linearity of each segment of the tax schedule, maximizing the value of the firm does not generally imply a strategy of offering a constant compensation package while it remains on a single segment of the tax schedule.

Union Workers

Budd, J. W., & McCall, B. P. (1997, Apr). The Effect of Unions on the Receipt of Unemployment Insurance Benefits. Industrial & Labor Relations Review, 50(3), 478-492.

Using National Longitudinal Survey of Youth data for the period 1979 to 1991, this study analyzes the effect of union representation on the likelihood that individuals eligible for unemployment insurance (UI) benefits actually received those benefits. The study finds that unions had no statistically significant effect on the probability of benefit receipt among white-collar workers, but among eligible blue-collar workers, those who were laid off from union jobs were roughly 23 percent more likely than comparable nonunion workers to receive UI benefits. Although the analysis does not identify the reasons for this difference, two factors it appears to rule out as determinants are

union-negotiated supplemental unemployment benefit plans and differences in expected unemployment durations between union and nonunion workers.

Kennan, J. (1980). The Effect of Unemployment Insurance Payments on Strike Duration. In Unemployment Compensation: Studies and Research, Vol. 2 (pp. 467-483). Washington, DC: The National Commission on Unemployment Compensation.

Lammers, J. A. (1984, Dec). Managing Unemployment: The Role of Union Business Agents and the Use of Work Sharing. Social Problems, 32, 133-144.

Neumark, D. (1993, Spring). Declining Union Strength and Labor Cost Inflation in the 1980s. Industrial Relations, 32(2), 204.

Although much of the moderation in aggregate labor cost inflation that occurred in the U.S. between 1981 and 1987 is explained by declining price inflation and relatively high unemployment rates, Phillips curve equations have consistently overpredicted the rate of labor cost inflation over the period, which suggests a structural shift in the Phillips curve relation. One explanation of such a structural shift may be the declining strength of labor unions. To examine the declining union strength hypothesis, measures of union strength are incorporated into standard Phillips curve specifications, using annual aggregate and industry-level data on various labor cost measures and proxies for union strength, such as union density, union certification and decertification election results, and work stoppages. The findings indicate that declines in union strength do not account for the overprediction of aggregate economy wide or union sector labor cost inflation by the Phillips curve in the 1980s.

Oswald, A. J. (1986, Jun). Unemployment Insurance and Labor Contracts Under Asymmetric Information: Theory and Facts. The American Economic Review, 76(3), 365.

An attempt is made to show that traditional implicit contract theory can be combined with the assumption of asymmetric information. Data on U.S. labor contracts are examined that provide information about the extent of Supplemental Unemployment Benefit plans and severance pay. The contracts are for the years 1970, 1975, and 1980 and cover approximately six million unionized employees. A model of a labor contract under asymmetric information is presented in which workers cannot rely on the firm to make unemployment benefit payments. The combination model presented has properties different from those in the literature and can lead to equilibria in which there are both involuntary unemployment and inefficiently high unemployment. A central assumption is that workers do not receive unemployment insurance from their employers.

Welfare-to-Work Impacts on Unemployment Insurance

Bassi, L. J., & Chasanov, A. B. Women and the Unemployment Insurance System. In Cynthia Costello, & Barbara K. Krimgold (Eds.) The American Woman, 1996-97: Where We Stand .

The Unemployment Insurance Program is an important first line of economic defense for the unemployed, sparing many the indignities of public relief. However, this important program, which was created as part of the Social Security Act of 1935, has in many ways failed to evolve to meet the needs of today's labor force. This failure is particularly evident for unemployed women.

Kaye, K. (1997, Jul). Unemployment Insurance as a Potential Safety Net for Former Welfare Recipients.

Welfare reform is focusing increasingly on moving welfare recipients off the roles and into the labor force. State welfare programs are required to ensure that welfare recipients participate in work activities after two years, and benefits are limited to a total of five years or even less in some states. This has led to concerns over what will happen to families after they have exhausted their welfare benefits. What kind of safety net will be available to them if they lose their jobs after they reach the time limit? Job loss among women is highly likely given that unemployment in the low-skilled labor market has reached almost 13 percent.

McMurrer, D. P., Sawhill, I. V., & Lerman, R. I. (1997). Welfare Reform and Opportunity in the Low-Wage Labor Market. Washington, DC: The Urban Institute.

One measure of opportunity in any society is its ability to provide jobs for everyone who wants to work. With the enactment of welfare reform in 1996 this issue has taken on new salience. This brief addresses whether enough jobs are available for all those who are thrust into the labor market by welfare reform, whether former welfare recipients can compete successfully for those jobs, and--if they do find jobs--what their chances are of earning enough to become self-sufficient.

Pearce, D. M. (1986). *Toil and Trouble: Women Workers and Unemployment Compensation.* In Barbara C. Gelpi, Nancy C. M. Hartsock, Clare C. Novak, & Myra H. Strober (Eds.) Women and Poverty (pp. 141-161). Illinois: University of Chicago Press.

Women, who have always had a disproportionate share of unemployment and underemployment, have been underrepresented among recipients of unemployment benefits and services because unemployment insurance was created with male family heads and fulltime workers as its intended recipients. The situation of women workers, particularly working mothers, by virtue of their patterns of labor force participation, do not fit this breadwinner model.

Spalter-Roth, R., Hartmann, H., & Burr, B. (1994, Mar). Income Insecurity: The Failure of Unemployment Insurance to Reach Working AFDC Mothers. Paper presented at The Second Annual Employment Task Force Conference, Washington, DC.

Unemployment Insurance (UI) was designed as a program to benefit full-time, full-year workers, usually with male bodies, facing periods of temporary layoff. In many states receipt of benefits requires relatively high prior earnings and involuntary reasons for job loss (with interruptions due to child birth or family responsibilities usually disqualified as "voluntary quits"). Because female heads-of-families tend to have less continuity of employment than do male heads of families, they are twice as likely to face unemployment without UI benefits.

Vroman, W. (1997). Welfare Reform and Unemployment Insurance.

Women Workers

(1989). Paid Maternity Leave and the High-Income Employee. Worklife Report, 6(5), 10-11.

Supplemental unemployment benefit plans for employees on maternity leave have gained popularity in Canada. The plans supplement the normal unemployment compensation provided to workers on maternity leaves, and employer contributions to qualified plans receive tax free status. However, employers can only implement supplemental plans that when combined with regular maternity unemployment insurance benefits, are no larger than 95 percent of an employee's normal earnings per week.

Barnes, W. F., & Jones, E. B. (1975, Summer). Women's Increasing Unemployment-A Cyclical Interpretation. Quarterly Review of Economics and Finance, 15(2), 61.

The increasing unemployment trend of women can be explained by the change in the definition of unemployment made in 1967 and the relationship of unemployment by sex to the cycle. The U.S. Department of Labor separates the reasons for unemployment into four categories - job leaving, job losing, entry and reentry. A comparison of unemployment levels in the different categories among males and females shows that the actual unemployment rate for males is closer to females in periods of economic decline than in periods of improved employment opportunities. The most significant change in definition was limiting the period in which a person has looked for a job to four weeks. The greatest sources of the higher unemployment rate for women are labor-force turnover and job leaving unemployment. This is due to the proximity of home and market productivity.

Carnevale, A. P. (1995). Unemployment Insurance: Barriers to Access for Women and Part-Time Workers. National Commission for Employment Policy.

Cullen, J. B., & Gruber, J. (1996, Jun). Spousal Labor Supply as Insurance: Does Unemployment Insurance Crowd Out the Added Worker Effect? (Working paper no. W5608). Cambridge, MA: National Bureau of Economic Research.

This paper considers the role of spousal labor supply as insurance against spells of unemployment. Standard theory suggests that women should work more when their husbands are out of work (the Added Worker Effect or AWE), but there has been little empirical support for this contention. There is little evidence of an AWE over the 1984-1993 period. One reason for the absence of the AWE may be that unemployment insurance (UI) is providing a state-contingent income stream that counteracts the negative income shock from the husband's unemployment. Findings indicate that increases in the generosity of UI lower the labor supply among wives of unemployed husbands. Our results suggest that UI is crowding out a sizeable fraction of offsetting spousal earnings in response to unemployment spells, although, even in the absence of a UI system the spousal response would only make up a small share of the associated reduction in family income. There is also evidence that families are making labor supply decisions in a life cycle context, since there are effects of UI on the labor supply of wives of employed husbands who face high unemployment risk. Yet, couples do not appear able to smooth the labor supply response to UI income flows equally over periods of employment and unemployment, suggesting the presence of liquidity constraints. Finally, wives in families with small children are more responsive to UI benefits in their labor supply decisions, which is consistent with the notion that they have a higher opportunity cost of market work.

Dahm, M. M., & Fineshriber, P. H. (1980). Administration of the Pregnancy Standard. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 41-50). Washington, DC: The National Commission on Unemployment Compensation.

The authors review a sample of appeals cases involving pregnant claimants in 47 states. The basic question is whether states' applications of the Federal standard on pregnancy are meeting the intent of that standard.

Dahm, M. M., & Fineshriber, P. H. (1980). Disqualification for Quits to Meet Family Obligations. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 9-28). Washington, DC: The National Commission on Unemployment Compensation.

This report probes the voluntary quit disqualification as it affects women and discusses recent state court decisions on the constitutionality of disqualifications for quits to meet family obligations.

Dahm, M. M., & Fineshriber, P. H. (1980). The Issue of Part-Time Employment. In Unemployment Compensation: Studies and Research, Vol. 1 (pp. 29-40). Washington, DC: The National Commission on Unemployment Compensation.

Discusses lack of unemployment insurance protection afforded voluntary part-time workers, particularly as the restrictions affect women. Contains a digest of state court decisions on the issue of time restrictions unemployed workers may put on the work they will accept.

Dahm, M. M., & Fineshriber, P. H. (1980). Women in the Labor Force. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 737-742). Washington, DC: The National Commission on Unemployment Compensation.

Examines the changing characteristics of and attitudes about working women and the implications of these changes for unemployment insurance policy.

Hamermesh, D. S. (1980, Oct). Unemployment Insurance and Labor Supply. International Economic Review, 21(3), 517-527.

The study was made to determine the effects of unemployment insurance on the duration of unemployment spells. In the study, unemployment insurance benefits are fitted into the framework of labor supply theory, taking into account the discontinuities that the complex benefit schedules can produce. The implications of the theory are tested against data on the labor-force behavior of married women in 1960 and 1970. It is found that an increased potential duration of benefits and easier eligibility requirements produce higher average weeks worked among women ages 25-54, while higher weekly benefits have only slight effects. These effects operate mainly by increasing weeks worked among women who do not work year-round. The impact on women who work more than 39 weeks is small. The estimates suggest that liberal unemployment insurance benefit structures also induce women to substitute production in the market for work at home.

Jones, E. B., & Long, J. E. (1981, Feb). Part-Week Work and Women's Unemployment. The Review of Economics and Statistics, 63(1), 70.

The recent large increase in the labor force participation of women has been accompanied by a less-noted, but also important, change in their employment picture: the increase in part-week work (jobs regularly scheduled for less than 35 hours per week). While the participation rate of women was increasing from 37 percent in 1957 to 49 percent in 1977, the percentage of women in part-week jobs was rising from 20 to 27 percent. The relationship between part-week work and female unemployment is examined by using multivariate models of the probability and duration of unemployment. Rather than restrict the study to a single definition of the part-week work status for the unemployed, part-week workers are defined as persons with prior experience in part-week jobs, and alternatively, as persons who are moving into part-week jobs. It is found that the probability and duration of unemployment are not statistically different between part-week and full-week women workers once other factors are held constant. The availability of part-week jobs seems to increase the chances of women entering or reentering the labor force without experiencing unemployment.

Jones, E. B., & Long, J. E. (1979, Spring). Human Capital and Labor Market Employment: Additional Evidence For Women. The Journal of Human Resources, 14(2), 270.

New findings offer support for the Bloch-Smith observation that human capital theory provides a framework for studying the determinants of not only wages or earnings but also employment in the labor market. Using national longitudinal surveys data on young and mature women, the probability of employment is estimated to rise with additional education and work experience. The effect of experience on female employment rates is underestimated when potential experience is used instead of actual work experience. While the small sample sizes imply some caution in interpreting the results, the implication is that models using potential experience may be poor guides for policy decisions. Differences in the various models' ability to explain the black/white employment rate gap among women indicate that further research is necessary to understand employment.

Kaye, K. (1997, Jul). Unemployment Insurance as a Potential Safety Net for Former Welfare Recipients.

Welfare reform is focusing increasingly on moving welfare recipients off the roles and into the labor force. State welfare programs are required to ensure that welfare recipients participate in work activities after two years, and benefits are limited to a total of five years or even less in some states. This has led to concerns over what will happen to families after they have exhausted their welfare benefits. What kind of safety net will be available to them if they lose their jobs after they reach the time limit? Job loss among women is highly likely given that unemployment in the low-skilled labor market has reached almost 13 percent.

Lingle, R. C., & Jones, E. B. (1978, May). Women's Increasing Unemployment: A Cross-sectional Analysis. The American Economic Review, 68(2), 84.

Cross-sectional data from the Censuses of Population of 1960 and 1970 are used to examine whether the relationship between female and male unemployment rates shifted during the decade. The current study adds the cyclical factor to the list of changes during the decade that may influence any trend in the disparity between the sexes in unemployment rates. The cyclical effect was not small; the unemployment disparity rate between men and women twenty years of age and over increased by one percentage point during the time period. The discontinuity of women's labor market attachment is emphasized in accounting for differences in wages of men and women. The cyclical aspect of unemployment behavior is caused by women leaving the labor force.

Pearce, D. M. (1986). Toil and Trouble: Women Workers and Unemployment Compensation. In Barbara C. Gelpi, Nancy C. M. Hartsock, Clare C. Novak, & Myra H. Strober (Eds.) Women and Poverty (pp. 141-161). Illinois: University of Chicago Press.

Women, who have always had a disproportionate share of unemployment and underemployment, have been underrepresented among recipients of unemployment benefits and services because unemployment insurance was created with male family heads and fulltime workers as its intended recipients. The situation of women workers, particularly working mothers, by virtue of their patterns of labor force participation, do not fit this breadwinner model.

Perry, S. (1990, Sep). Part-Time Work and Returning to Work After the Birth of the First Child. Applied Economics, 22(9), 1137.

This study investigates some of the key determinants of the choice that women can and have made between part-time and full-time employment at the time of returning to work for the first time after the birth of the first child. A particularly interesting and previously unexamined point in the life cycle of women has been examined and has provided an insight into some of the more important determinants in the decision to work part-time instead of full-time. The importance of life cycle (family formation) variables, work history (human capital) variables, and other variables, including age, family income, and the level of unemployment, have been highlighted. It is shown that women typically move between part-time and full-time work and between working and not working. However, no typical pattern exists. As expected, children deter full-time work and promote part-time work, although qualified women tend to work full-time and older women tend to work part-time. In addition, the longer a woman stays away from employment, the more likely it is that part-time work will predominate over full-time work.

Yoon, Y. H., Spalter-Roth, R., & Baldwin, M. (1995). Unemployment Insurance: Barriers to Access for Women and Part-Time Workers. Washington, DC: National Commission for Employment Policy.

Worksharing

Best, F. (1988). Reducing Workweeks to Prevent Layoffs: The Economic and Social Impacts of Unemployment Insurance-Supported Work Sharing XXI. Philadelphia, PA: Temple University Press.

Bunning, R. L. (1990). The Dynamics of Downsizing. Personnel Journal, 69(9), 69-75.

Companies should consider other options such as job sharing and early retirement before downsizing.

Coy, R. W. (1983). Work Sharing Issues, Policy Options and Prospects.

Coy, R. W. (1983). Work Sharing Unemployment Compensation: An Alternative to Full Time Layoff. Harrisburg, PA: Pennsylvania Milrite Council.

Crosslin, R. (1980). Shared-Work Compensation as Part of a Temporary Worksharing Program. In Unemployment Compensation: Studies and Research, Vol. 3 (pp. 827-832). Washington, DC: The National Commission of Unemployment Compensation.

Discusses proposals to pay partial unemployment insurance benefits to workers involved in temporary worksharing. Details European and Canadian experience and the California experiment.

Crosslin, R. L. (1985). Work Sharing Unemployment Insurance: Implications from the California Experiment for Other States. Kensington, OH: Sigma Analytic Systems.

Crosslin, R., van Erden, J. D., & Wandner, S. A. (1983). The Benefit Payment and Unemployment Rate Impact of a Nationwide Program of Worksharing. Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

The purpose of the paper is to examine two issues with respect to worksharing (WS). If worksharing became a nationwide program, what would be its impact on the cost of benefit payments of the unemployment insurance (UI) program? Second, given the UI impact of the program, what would be the labor market impact of the program? That is, to what extent would a nationwide WS program be likely to change the total unemployment rate as measured by the Bureau of Labor Statistics using the Current Population Survey.

Lammers, J. A. (1984, Dec). Managing Unemployment: The Role of Union Business Agents and the Use of Work Sharing. Social Problems, 32, 133-144.

Lineback, J. R. (1985, Feb). Work-sharing Avoids Layoffs. Electronics Week, 58, 26.

MaCoy, R., & Morand, M. J. (1984). Short-Time Compensation: A Formula for Work Sharing. Elmsford, NY: Pergamon Press, Inc.

Review worksharing and short-time compensation as carried out in foreign countries and in three states which allow payment of unemployment insurance benefits on this basis. Includes short articles by other authors.

McCarthy, M. E., & Rosenberg, G. S. (1981). Work Sharing Case Studies. Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

Offers practical assistance to employers who wish to implement reduced work hour arrangements.

Young Workers

Bowlus, A. J. (1998, Feb). A Panel Data Analysis of the US-Canadian Nonemployment Rate Gap Between Young, Low Skilled Males. Canadian Public Policy, 24(1), S192-S209.

Evidence from the U.S. National Longitudinal Survey of Youth and the Canadian Labour Market Activity Survey shows differences in both incidence and duration give rise to the mid-1980 US-Canadian nonemployment rate gap of young, low skilled males. Canadians are more likely to experience a firm-initiated job separation, to have been in a seasonal or temporary job, to experience transition to nonemployment rather than another job, and to take-up

unemployment insurance (UI) than Americans. Overall, a pattern emerges of more intermittent employment in Canada with intervening spells of UI-sponsored nonemployment.

Card, D. E., Katz, L. F., Krueger, A. B., Neumark, D., & Wascher, W. (1994, Apr). Comment on David Neumark and William Wascher, "Employment Effects of Minimum and Subminimum Wages: Panel Data on State Minimum Wage Laws". Industrial & Labor Relations Review, 47(3), 487.

In the article, Employment Effects of Minimum and Subminimum Wages: Panel Data on State Minimum Wage Laws, David Neumark and William Wascher claim to find empirical support for three propositions: (1) a higher minimum wage leads to a lower teenage employment-population rate; (2) the effect of the minimum wage on employment can be seen within a year, but becomes stronger after two years; and, (3) in states with legal subminimum wages, a significant fraction of teenage employees are paid a subminimum wage, and the availability of a subminimum wage blunts the disemployment effect of the minimum wage. However, an appropriate analysis of Neumark and Wascher's data raises serious challenges to the conventional view of the minimum wage that they espouse. A corrected analysis of the data shows that state-specific minimum wage increases during the 1970s and 1980s had no systematic effect on teenage employment.

Ferrall, C. (1994, Jul). Unemployment Insurance and Youth Labor Market Behavior in Canada and the United States (IER Working Paper 904). Kingston, Canada: Queen's University, Institute for Economic Research.

To study how the design of unemployment insurance (UI) affects people leaving school to find jobs, a model of job search in the presence of UI is developed and estimated for the U.S. and Canada. The level of UI benefits depends upon previous earnings, a fact which creates opposing incentives for unemployed people not receiving benefits. Reservation wages of uninsured youth are found to be more sensitive to UI eligibility rules than to the length of the benefit period. The estimates are also used to analyze differences in preferences and labor market opportunities within the two countries.

Kaestner, R. (1996, Oct). The Effect of Government-mandated Benefits on Youth Employment. Industrial & Labor Relations Review, 50(1), 122.

The effect of government-mandated employer-provided benefits on youth employment is examined. In particular, the effect of unemployment compensation insurance taxes and workers' compensation insurance mandates on the employment of youths and young adults is investigated. An analysis of time series state aggregate data for the years 1982-1989 indicates that a one percentage point increase in the employer's cost of workers' compensation insurance reduced employment for both teenagers and young adults by about 1.5 percentage points. Unemployment insurance taxes significantly decreased the employment of teenagers, but not that of young adults.

Neumark, D., & Wascher, W. (1995, May). Minimum-wage Effects on School and Work Transitions of Teenagers. The American Economic Review, 85(2), 244.

In previous research, evidence and explanations were offered as to why negative minimum-wage effects on teenage employment may be difficult to detect, even when such effects are present for a subset of teens. Using state-level data, it is found that, although minimum-wage increases had only small negative net effects on overall teen employment, such increases reduced the proportion of teenagers enrolled in school and increased the proportion of teenagers neither enrolled nor employed (Neumark and Wascher, 1995). One explanation for this finding is that minimum-wage increases induce substitution toward enrolled, higher-quality teenagers, leading these teenagers to leave school for employment, and reduce the demand for teenagers not in school and employed at or near the old minimum. Alternately, minimum wages may reduce enrollments as teens leave school and queue for jobs at the higher minimum. These issues are explored using individual-level panel data on school and work transition of teenagers.

Neumark, D., & Wascher, W. (1995, Apr). Minimum Wage Effects on Employment and School Enrollment. Journal of Business & Economic Statistics, 13(2), 199.

It is argued that the focus on employment effects in recent studies of minimum wages ignores an important interaction between schooling, employment, and the minimum wage. To study these linkages, a conditional logit model of employment and enrollment outcomes for teenagers is estimated using state-year observations for the period 1977-1989. The results show a negative influence of minimum wages on school enrollment and a positive effect on the proportion of teens neither employed nor in school. It is further suggested that these results are consistent with substitution by employers of higher-for lower-skilled teenagers, with the displaced teens ending up both out of work and out of school.

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Quick Reference: UIOP Titles

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Marcus S. S. & Frees J. W. (In Press). Unemployment Insurance Claimant Satisfaction Study (UI Occasional Paper 99-2). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

Gritz R. M., Johnson T. R., Wenzlow A., & Dong F. B. (In Press). Dynamic Models of Unemployment Insurance Benefit Receipt: Survival Rate Analysis Report (UI Occasional Paper 99-1). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

1998

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Vroman Wayne. (1998, Jan). Labor Market Changes and Unemployment Insurance Benefit Availability (UI Occasional Paper 98-3). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

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Corson Walter, Needels Karen, & Nicholson Walter. (1998, Jan). Emergency Unemployment Compensation: The 1990's Experience (UI Occasional Paper 98-1). Washington DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

1997

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1996

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1994

U.S. Department of Labor Employment and Training Administration Unemployment Insurance Service. (1994). The Worker Profiling and Reemployment Service System: Legislation, Implementation Process and Research Findings (UI Occasional Paper 94-4). Washington, DC: Author.

Jacob B., Wood M. L., & Grover N. (1994). Self-Employment as a Reemployment Option: Demonstration Results and National Legislation (UI Occasional Paper 94-3). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

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1993

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1992

Decker P. T. & O'Leary C. (1992). An Analysis of Pooled Evidence from the Pennsylvania and Washington Reemployment Bonus Demonstrations (UI Occasional Paper 92-7). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

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Zajac W. D. & Balducchi D. E. (1992). Papers and Materials Presented at the Unemployment Insurance Expert System Colloquium, June 1991 (UI Occasional Paper 92-5). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service.

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